In the name of Allah
the most
Compassionate and Merciful

ISRAEL HAD, THERE FOR, ENTERED INTO NEGOTIATION WITH IRANIAN AUTHORITIES TO OBTAIN HER NEEDED OIL, AND LATER BOUGHT IT DIRECTLY AND SECRETLY FROM NATIONAL IRANIAN OIL COMPANY. DOCUMENTS (25-29) EXPRESS THIS FACT.

THE INTERESTING POINT IS THAT SHAH PROCLAIMED THAT ONCE ISRAEL RETREATS FROM THE OIL PRODUCING REGIONS OF SINAI (ABU QURAIS OIL WELLS), IRAN WOULD PROVIDE HER WITH NECESSARY AMOUNTS OF OIL. THIS WAS A MEANS ENCOURAGING ISRAEL TO ACCEPT KISSINGER'S POLICIES , AND ALSO WORKED AS AN INTRODUCTION TO CAMP DAVID. SHAH HAS SAID THAT HE WANTS TO COORDINATE TWO POLICIES , NAMELY , THE POLICY OF OIL-SALE TO ISRAEL , AND THE POLICY OF AMERICAN ARMS-SALE TO ISRAEL.

ANOTHER OIL RELATED ISSUE WHICH IS OF ESPECIAL IMPORTANCE IS THE PORT ILIAT ESHQUELON PIPELINE.

SUEZ CANAL, THROUGH WHICH THE MAJORITY OF CARGO SHIPS AND OIL TANKERS TRANSPORTED NECESSARY AMOUNTS OF GOODS AND ENERGY BETWEEN EUROPE AND ASIA, WAS CLOSED COMPLETELY DUE TO ARAB-ISRAELI CONFLICT , AND THEY HAD TO REVERT THEIR TRAFFIC TO THE CAPE OF GOOD HOPE IN SOUTH AFRICA WHICH MADE THEIR DESTINATIONS MANY THOUSAND KILOMETERS FARTHER. ZIONISTS PROVIDED A PLAN BY WHICH SHIPS COULD ENTER ILIAT PORT ON GULF OF AKABA AND TRANSPORT THEIR OIL THROUGH ESHKELON PIPELINE TO MEDITTERANIA, AND FROM THERE TO EUROPE , BY RELOADING TANKERS. BUT TO IMPLEMENT THIS PROJECT THE ONE SOURCE OF OIL THAT COULD GUARAUTEE THE USE OF THIS PIPELINE HAD TO BE FOUND, AND NATURALLY THEY SOUGHT SHAH'S COMPROMISE, AND HE WAS VERY FOND OF THIS PROJECT. THIS PROJECT WAS SO IMPORTANT,THAT THE U.S. BEING FEARFUL OF ARAB REACTION, DID NOT DARE INTERVENE IN IT,BUT AHAH DEMONSTRATED HIS INCREASING DEPENDENCE ON THE ZIONIST REGIME, AND IN IMPLEMENTING AND EXPLOITING THE PROJECT ACTED PARALLEL WITH ZIONISTS. MANY DOCUMENTS OF THIS BOOK (21 .....) ARE REMINICENT OF THIS FACT.

DOCUMENTS NUMBERED 2,3,5, AND 21 ARE RELATED TO IRAN ISRAELI RELATION SHIPS AND TO THE ISRAELI ACTIVITIES IN IRAN,AND TO PROVE THE SIGNIFICANCE OF THIS RELATIONSHIP , IT MUST BE NOTED THAT THE ISRAELI AMBASSADOR TO IRAN WAS AN IMPORTANT MEMBER OF ISRAELI GOVERNAMENT WHO WAS ALSO ADVISOR TO THE FROMER PRIME MINISTER OF ZIONISTS (21) AND THAT THE NUMBER OF ISRAELI TECHNICIANS IN IRAN WAS MORE THAN THEIR PRESENCE ANYWHERE ELSE IN THE WORLD (5).

THESE TECHNICIANS WERE , OF COURSE, SERVING ZIONISTS IN COMPANIES RELATED TO PAHLAVIES,AND THUS WERE ENGAGED IN PLUNDERING IRANIAN PEOPLE.AT THE SAME TIME, DOCUMENTS NUMBERED 2,AND 4 DEMONSTRATE THE FEAR THE REGIME HAS OF THE PUBLIC'S DISCOVERY OF THE IRAN-ISRAELI RELATIONSHIP , LEST IT SHOULD PROVOKE THE MASSIVE DISSENTION OF THE IRANIAN PEORLE AND THAT OF THE IRANIAN COMMITTED CLERGY.

DOCUMENT NUMBER ONE SHOWS THE ACTIVITIES OF THE ISRAELI INTELIGENCE SERVICE IN HIRING MERCENARY WRITERS TO IMPLEMENT THE TOTALLY ZIONIST POLICIES.IT WAS SUBSTANTIALLY BY RELYING ON THESE SAME KIND OF WRITERS AND CORRESPONDENTS THAT THE ZIONISTS SUCCEEDED IN EXTENDING THE INFLUENCE OF THE ZIONIST NEWS WITHIN THE WESTERN AND AMERICAN NEWS AGENCIES AND TELEVISIONS, AND TAKE THEM INTO THEIR OWN CONTROL.

AMONG THE ISLAMIC COUNTRIES,AFTER IRAN, THE AMERICAN REGIME OF TURKEY WAS ANOTHER STATE WHICH HAD ESTABLISHED MOST IMPORTANT RELATIONS WITH ISRAEL,AND THIS RELATIONSHIP EXISTED IN ALL MATTERS OF CO-ORDINATION AND ESPICIALLY INTELLIGENCE RELATED ISSUES (REFERRENCE TO THE PAST DOCUMENTS)AND THE DOCUMENT NUMBER 4 PROVES THE DEPENDENCE OF BOTH REGIMES' DIPLOMATS.

IMAM'S MESSAGE ON THE DAY OF QUDS

IN THE NAME OF ALLAH, THE COMPASSIONATE THE MERCIFUL.

THE DAY OF QUDS IS THE LAST FRIDAY OF THE HOLY MONTH OF RAMADHAN , AND THE NIGHT OF QADR IS MOST PROBABLY, ONE OF THE NIGHTS DURING THE LAST TEN DAYS OF RAMADHAN,A NIGHT WHOSE REVIVAL IS A GODLY TRADITION,AND MORE MERITORIOUS AND EXALTED THAN A THOUSAND MONTHS OF HYPOCRITES, SINCE THE DESTINATION OF THE WHOLE CREATION WAS DESIGNED DURING THAT NIGHT ONLY.

THE DAY OF QUDS WHICH IS EQUAL TO QADR MUST BE REVIVED AMONGST MUSLIMS TO BECOME THE ORIGIN OF AWAKENING AND CONCIOUSNESS AMONG THEM,AND TO MAKE THEM DISCARD THE HISTORICAL AND THE RECENT CENTURIES OBLIVION AND NEGLECT UNTIL THAT DAY OF AWAKENING AND CONCIOUSNESS TURNS WORTH MORE THAN A DECADE OF THE WORLD'S SUPERPOWERS AND HYPOCRITES,SO THAT MUSLIMS OF THE WORLD MAY BE ABLE TO DESIGN AND FOUND THEIR DESTINATION ON THEIR OWN. DURING THE NIGHT OF QADR, BY STAYING UP AND PRAYING, MUSLIMS MUST RELIEVE THEMSELVES OF THE SLAVERY OF OTHER THAN ALLAH, THAT ARE JINN AND MANLY DEVILS, AND ONLY TURN INTO THE SLAVES OF ALLAH , AND ON THE DAY OF QUDS, WHICH IS ONE OF THE LAST DAYS OF THE GRAND MONTH OF ALLAH,IT IS MOST COMPETENT FOR THE MUSLIMS OF THE WORLD TO FREE THEMSELVES FROM THE SLAVERY OF THE BIG SATANS AND THE SUPERPOWERS , AND JOIN THE IMMORTAL POWER OF ALLAH,AND CUT THE HANDS OF THE HISTORICAL CRIMINALS FROM THE COUNTRIES OF THE OPPRSSED AND DESTROY THEIR GREES.

O'MUSLIMS AND THE OPPERESSED OF THE WORLD RISE AND RUN YOUR OWN AFFAIRS HOW LONG ARE YOU GOING TO LET WASHINGTON AND MOSCOW DETERMINE YOUR FATE? FOR HOW LONG MUST YOUR LAND OF QUDS BE TREADED OVER UNDER THE BOOTS OF AN AMERICAN SCUM , THE USURPER ISRAEL? FOR HOW LONG MUST THE LAND OF PALESTINIAN QUDS , LEBANON AND THE OPPERSSED MUSLIMS OF THAT PART BE UNDER THE DOMINATION OF CRIMINALS AND YOU WATCH,AND SOME OF YOUR TREACHEROUS RULERS HELP THEM? FOR HOW LONG MUST , MORE THAN A BILLION MUSLIMS AND A HUNDRED MILLION ARABS WITH THEIR EXTENSIVE COUNTRIES AND RESOURCES , WITNESS THE PLUNDRINGS OF THE EAST AND THE WEST, AND BEAR THEIR AND THEIR SCUM'S OPPRESSION AND INHUMANE MASSACRES? FOR HOW LONG ARE THEY GOING TO ENDURE THE HORRIBLE CRIMES COMMITTED AGAINST THEIR AFGHAN AND LEBANESE BRETHREN AND STAY QUIET? WHEN ARE THEY GOING TO STOP APPROACHING THE SUPERPOWERS POLITICALLY AND COMPROMISINGLY, AND INSTEAD OF ALLOWING ISRAEL TO COMMIT CRIMES AND MASSACRES,WHEN ARE THEY GOING TO COUNTER THE ENEMIES OF ISLAM,AND SAVE QUDS BY THE MEANS OF ARMS, MILITARY AND GODLY MIGHT? DON'T THE HEADS OF NATIONS KNOW AND HAVE THEY NOT UNDERSTOOD THAT NEGOTIATING POLITICALLY WITH POWERFUL POLITICIANS AND THE CRIMINALS OF HISTORY ISNOT THE MEANS OF FREEING QUDS,PALESTINE AND LEBANON,AND THAT EVERDAY THE VOLUME OF THEIR CRIMES AND OPPRESSIONS WILL INCREASE?

TO FREE QUDS,ONE MUST RELY ON MACHINGUNS THAT ARE DEPENDENT UPON FAITH AND THE POWER OF ISLAM , AND NOT POLITICALGAMES THAT ARE REMINICENT OF COMPROMISE AND THE SATISFACTION OF SUPERPOWERS.

MUSLIM NATIONS,ESPECIALLY PALESTINIAN AND LEBANESE NATIONS MUST PUNISH THOSE WHO WASTE TIME WITH POLITICAL MANEUVERINGS,AND AVOID POLITICAL GAMES THAT HAVE NOTHING FOR THE OPPERESSED PEOPLE BUT HARM. FOR HOW LONG ARE MUSLIMS GOING TO BE INFATUATED BY FALSE HEROS OF THE EAST AND WEST , AND BE TERRIFIED BY THEIR PROPAGANDAS? MUSLIMS WHO WITHOUT MILITARY EQUIPMENTS AND WITH HEARTS FULL OF FAITH AND TONGNES CARRYING THE WORD " ALLAH IS THE GREATER " MADE THOSE GRAND CONQUERS AND BROUGHT ABOUT THOSE SURPRISING UPHEAVALS ONLY DURING HATF A CENTURY AND FOUNDED ISLAM AND THE WORSHIP OF ONE (TUHID) IN THE POWERFUL WORLD OF THAT DAY.

IF MUSLIMS HAVE FORGOTTEN THOSE TRIUMPHS AND CHANGES THAT ARE REGISTE-
RED IN HISTORY,THAY HAVE EXPERIENCED THE VICTORY OF THE COMBATING IRANIAN
NATION WHO FOUGHT LIKE THE SOLDIERS OF THE ONSET OF ISLAM HAVING FAITH AS
THEIR ONLY ARMS. THE WORLD AND IT'S MUSLIMS WITNESSED HOW THE ZEAIOUS IR-
ANIAN NATION FOUGHT SUPERPOWERS AND THEIR INTERNAL AND EXERNAL DEPENDENTS
EMPTY-HANDEDLY , AND DESPITE THE THUNDEROUS PROBLEMS , BROUGHT ABOUT THE
GLORIOUS ISLAMIC REVOLUTION, AND THREW THE HISTORICAL CRIMINAL OUT OF TH
EIR BELOVED COUNTRY,AND WITH A HEART FULL OF FAITH AND BELIEF NEUTRALIZE
THE PLOTS OF AMERICAN LEFLISTS,AND THE RIGHTIST GROUPS,AND MEN AND WOMEN
THE ELDERS AND THE YOUNGESTERS STAYED BRAVELY ON THE SCENE AND DEFINED T
HEIR OWN DESTINATION, AND TODAY THROUGH THE WILL OF GOD-ALMIGHTY THE FOU
NDATION OF ISLAMIC REPUBLIC HAVE FALLEN IN THE HANDS OF THOSE DEVOTED TO
THIS SCHOOL OF THOUGHT AND FAITHFULL , TO THE ISLAMIC REPUBLIC , AND HAV
OUSTED THE PLOTTERS AND INTRIGUERS,AND TODAY IRAN,DESPITE FOREIGN,AMERIC
AN AND ZIONIST MEANS OF PROPAGANDA,IS HEADING FOR FINAL CONSTRUCTIVITY A
THIS IS A LESSON FOR ISLAMIC COUNTRIES AND THE OPPERESSED OF THE WORLD TO
DISCOVER THEIR ISLAMIC MIGHT , AND RESIST THE BRAWLS OF EAST AND WEST AN
THEIR DEPENDENTS AND SCUMS, AND RISE WITH FAITH IN GOD-ALMIGHTY AND DEPE
NDENCE ON THE POWER OF ISLAM AND FAITH,AND CUT THE HANDS OF CRIMINALS FR
OM THEIR COUNTRIES AND CONSIDER THE FREEDOM OF HOLY QUDS AND PALESTINE A
THEIR PRIMARY GOAL , AND DESTROY THE ZIONIST DOMINATION WHICH IS THE SUB
SERVIENT OF AMERICA, AND KEEP THE DAY OF QUDS ALIVE , IN THE HOPE THAT B
KEEPING THIS DAY ALIVE, INDEFFERENCES AND NEGLETS ARE WIPED OUT, AND THR
OUGH THE RISE OF HONORABLE NATIONS,MAY THOSE TREACHEROUS HEADS WHO IN CO
OPERATION WITH ISRAEL AND AMERICA, AND DESPITE THE WILL OF ISLAM AND THE
MUSLIMS LEAD THEIR DISGRANCEFUL POLITICAL AND CRIMINAL LIVES , BE OUSTED
FROM THE SCENE,BURRIED IN THE GRAVE-YARD OF HISTORY. THE USURPER RULERS
(LIKE ISRAEL AND SADDAM)WHO IN THE WAR BETWEEN INFIDLES AND THE MUSLIMS
HAVE TAKEN SIDE WITH INFIDLES AND STRIKE BLOWS AT ISLAM AND THE MUSLIMS
MUST BE OUSTED FROM THE SCENE OF ISLAM AND THE RULE OF THE MUSLIMS.

THE HONORABLE NATION OF EGYPT , IRAQ AND THE COUNTRIES DOMINATED BY H
YPOCRITES MUST RISE AND STOP LISTENING TO THE CORRUPT SPEAKERS WHO TRY T
DEMONSTRATE THESE CRIMINALS AS MUSLIMS,AND RESIST THE NULL AND VOID POWE
OF THESE TRAITORS,MUSLIMS AND THE WORLD WITNESSED THAT THE AFLAQUI SADDA
THE SUBSERVIENT OF U.S. ATTACKED IRAN WHICH HAS THOUGHT ABOUT NOTHING BU
ISLAM AND THE MUSLIM AFFAIRS,AND HE WAS SO DEFEATED THAT CURRENTLY HE HA
RESORTED TO THE ARAB RULERS AND ISRAEL IN ORDER TO PREVENT HIS FINAL OVE
THROW , AND THE IRANIAN NATION AND THE BRAVE ARMED FORCES HIT HIM AND HI
CRIMINAL SUPPORTERS SUCH A HARD BLOW THAT HE HAS NO WAY OUT BUT EITHER T
SUBMIT OR TO FALL AND HIS STUPID TRICKS AND THE ZIONIST PROPAGANDAS ARE
NOT ABLE TO HELP HIM. IRANIAN NATION, GOVERNMENT,PARLIAMENT, ARMY AND TH
REST OF THE ARMED FORCES ARE DETERMINED TO RESIST ANY DEVILISH POWER THA
TRESPASS HUMAN RIGHTS , AND THEY HAVE DECIDED TO DEFEND THE OPPRESSED AN
SUPPORT LEBANON AND THE BELOVED QUDS UNTIL QUDS AND PALESTINE ARE RESTO
ED TO THE MUSLIMS.THE MUSLIMS OF THE WORLD MUST CONSIDER THE DAY OF QUDS
AS THE DAY OF NOT ONLY ALL THE MUSLIMS BUT ALSO AS THE DAY OF THE OPPRE
SED , AND ON THAT SENSITIVE SPOT THEY MUST RESIST THE OPPRESSORS AND TH
WORLD MONGERS,AND FIGHT THEM UNTIL THE OPPRESSED ARE FREED FROM THE TYRA
NNY OF THE POWER-HOLDERS; AND THE OPPRESSED WHO COMPRISE THE DECISIVE-

MAJORITY IN THE WORLD MUST BE SURE THAT THE REALIZATION OF GOD-ALIMIGHT_ Y'S PROMISE IS VERY CLOSE, AND THE UGLY STAR OF OPPRESSORS WILL BE DEST_ ROYED VERY SOON.THE IRANIAN NATION,BROTHERS AND SISTERS ARE A WAR THAT THE UNPARALELLED REVOLUTION OF IRAN HAS GREAT VALUSE THE MOST IMPORTANT OF WHICH IS IT'S ISLAMIC VALUE, IN SEARCH OF WHICH THE MOST EXALTED MES_ SENGERS OF ALLAH ROSE. I HOPE THAT THIS REVOLUTION TURNS INTO A GODLY F_ LAME WHICH CREATES A GREAT-EXPLOSION AMONGST THE OPPRESSED MASSES AND P_ AVES THE WAY FOR THE BLESSED REVOLUTION OF IMAM MAHDI. MAY OUR SOULS BE SACRIFICED AT HIS ENTRY, AND THE HONORABLE NATION THAT HAS BROUGHT SUCH A GREAT REVOLUTION ABOUT, MUST PERPETUATE IT AND ESTABLISH IT'S PRESENCE IN REGISTERING THE JUSTICE OF ALLAH. MY DEAR ONES YOU MUST KNOW THAT THE MORE VALUABLE THE REVOLUTION, THE MORE SACRIFICE MUST BE MADE TO REALIZE IT. A REVOLUTION IN SEARCH OF GODLY GOALS,TO ESTABLISH THE RULE OF ALLAH, IS THE ONE FOR WHICH THE GRAND MESSENGERS MADE A LOT OF SACRIFICE , AND THE GREAT MESSENGER OF ISLAM MADE MANY SACRIFICES IN ORDER TO REALIZE IT, AND THE GREAT IMAMS OF ISLAM SACRIFICED FOR IT WHATEVER THEY HAD, WE TOO WHO CONSIDER OURSELVERS THEIR FLLOWERS AND THE NATION OF MOHAMMAD , MAY ALLAH BLESS HIM AND HIS FAMILY, MUST ENDURE WITH REVOLUTONARY PERSISTEN_ CE THE DIFFICULTIES FOR THE SAKE OF ALLAH, AND RESIST THE SUBVERSION OF HYPOCRITES WHO ARE DEFEATED AND HELPLESS, AND WE MUST MAKE SACRIFICES IN ORDER TO REALIZE THE RIGHT AND ISLAM LIKE THE GREAT MESSENGERS OF ALLAH. ALLAH THE ALMIGHTY AND THE EXALTED SUPPORTS THE MUJAHEDIN AND HELPS THE OPPRESSED.

PRAISE BE UPON THE BELOVED ISLAM, THE RIGHTEOUS MUJAHEDIN,THE MARTYRS FOR ALLAH THROUGHOUT HISTORY, THE MARTYRS OF IRAN, PALESTINE,LEBANON AND AFGHANISTAN, GREETINGS UPON THE FIGHTERS AT THE WAR FRONTS AGAINTS THE UNRIGHTEOUS, GREETINGS UPON THE SALVES OF ALLAH.

" RUHOLLAH-AL-MOOSAVI-AL-KHOMEINI "

"AUGUST/1/1981"

IN THE NAME OF ALLAH, THE COMPASSIONATE, THE MERCIFUL.

" ISRAEL MUST BE DESTROYED."

IMAM KHOMEINI

IF MUSLIM NATIONS DO NOT ACHEIVE ISLAMIC UNDERSTANDING, AND DO NOT ARM THEMSELVES WITH ISLAMIC IDEOLOGY, THE WEST WILL DOMINATE THEM FROM MILITARY, ECONOMIC, CULTURAL AND SOCIAL POINT OF VIEW.

IF THE GOVERNMENTS OF THE MUSLIM COUNTRIES DO NOT CHANGE THEMSELVES OR ARE NOT OVERTHROWN BY THE MUSLIM PEOPLES OF THOSE COUNTRIES , OPPRESSIVE DOMINATION OVER THE MUSLIM NATION WILL BE PERPETUATED THROUGH THESE, DEPENDENT GOVERNMENTS , AND THERE IS NOTHING WORSE THAN HAVING INFIDLES RULE AND DOMINATION OVER MUSLIMS.

THESE PROBLEMS PERMIT:

--REACTIONARY SHEIKHS AND RULERS TO SUPPLY AMERICA AND THE WEST WITH OIL AND ALL OTHER GOD-GIVEN REACHES OF MUSLIMS, FREE OF CHARGE.

--EASTERN AND WESTERN ADVISORS TO BECOME THE REAL ADMINISTRATORS OF ISLAMIC COUNTRIES.

--RUSSIAN COSSAKS TO CRUSH AFGHANISTAN AND HER NATION UNDER THEIR FEET.

--THE DESTRUCTION OF MANPOWER AND ECONOMIC RESOURCES OF ISLAMIC STATES IN LOCAL WARS AND PLOTS BY THE WORLD-MONGERS AND THROUGH CRIMINALS SUCH AS SADDAM.

WORSE THAN ALL UNDER THESE CRICUMSTANCES , IT IS NOT SURPRISING FOR A NUMBER OF RACIST ZIONISTS TO HOLD MORE THAN ONE HUNDRED MILION ARAB MUSLIMS CAPTIVE, AND TO MAKE MORE THAN TWO MILION PALESTINIAN MUSLIMS HOMELESS,AND OCCUPY THE LAND OF BEIT-AL-MOGHADDAS AND MASJID-AL-AQSA, THE FIRST KEBLAH OF MUSLIMS, AND THE BELOVED PALESTINE.

A LOOK AT THE ZIONIST AND PALESTINIAN PROBLEM DURING THE RECEUT CENTURY INDICATES THAT WHENEVER MUSLIMS WERE INACTIVE AND THEIR IEADERS DEVOTED THEMSELVES TO THE SLAVERY AND THE WRETCHEDNESS OF THE WEST , THEY HAVE ALWAYS UNDERGONE THE DEFEAT OF THE ENEMIES OF ISLAM AND THE MUSLIMS. BUT WHENEVER THESE SAME NATIONS BEGAN TO RELY ON THEMSELVES, THE BECOME CAPABLE OF RECOGNIZING THEIR ENEMIES AND NATURALLY CAPABLE OF COUNTRING THEM.

THE EXPULSION OF ZIONIST BY THE OTTOMAN CALIPH FROM HIS COURT AND THE REJECTION OF THEIR GIFTS AND FINANCIAL ASSISTANCE WERE THE RESULT OF THE SAME SELF-RELIANCE AND THE LEAST OF SELF-CONCIOUSNESS. ALTHOUG SOME ARAB AND NON-ARAB CHIVES OF STATES BLAME OTTOMAN CALIPHS FOR THEIR DEEDS (ALTHOUGH MOST OF THEIR ACTIONS MUST BE DENOUNCED), THEY MUST KNOW THAT THEY ARE MORE TO BLAME BECUSE OTTOMAN CALIPHS DID NOT ACCEPT THE COMPROMISE WITH ZIONISTS, AND THEY HAD THE COURAGE TO EXPEL THEM IN ABJECTNESS.

SHAME AND DISGRACE UPON THE PRESENT ARAB LEADERS THAT HURRIEDLY CALL FOR THE RECOGNTION OF THE ENEMY OF ISLAM AND THE MUSLIMS, AND TRY TO GUARANTEE ZIONIST REGIMES, SECURITY IN ORDER TO PAVE THE WAY FOR NEGOTIATION WITH ZIONISTS AND LEGITIMIZE JEWISH AGGRESSIONS AND CRIMES.

THE PRESENT ARAB RULERS MUST KNOW THAT BEFORE WWI ZIONISTS TRIED TO ENETRATE INTO THE BELOVED PALESTINE FOR THIRTY YEARS, BUT FAILED.BUT WHEN OTTOMAN AUTOCRACY GAVE WAY TO WEST-ORIENTED PERSONS SUCH AS ATATORK , AND RAB NATIONALISM,ARAB COUNTRIES WERE TORN INTO HUNDERED PLECES , AND YOU KNOW WHAT HAPPEND TO THEM THEREAFTER.

AFTER THE WORLD WAR I, IT TOOK ONLY THIRTY YEARS FOR THE ZIONIST STATE TO ANOUNCE HER EXISTENCE,AND A MILION PALESTINIANS TO BECOME HOMELESS, AND THEIR TERRITORIES TO BECOME CONFISCATED.

DURING THIS PERIOD ISLAMIC AND ARABIC COUNTRIES WERE DIVIDED INTO HUNDRED DIFFERENT PARTS , AND THE FOUNDER OF THE GRAND ARABIC REVOLUTION, AMELY HUSSEIN SHARIF DESTROYED OTTOMAN COLONIZATION WITH THE HELP OF ENGLISH COLONIZERS, AND IN DUE TIME HE TOO ESCAPED TO CYPRUS IN AN ENGLIS

SHIP, AND HIS SONS RULED IN IRAQ, JORDAN,AND OTHER ARAB STATES AS THE FULL SUBSERVIENTS OF ENGLAND.IN 1948, THEY SUBMITTED HALF OF BELOVED PALESTINE AND QUDS TO ZIONISTS , AND MET THEIR REPRESENTIVE , I.E.GOLDA MEIER IN BEIT-AL-MOGHADDAS. BUT NATIONALISM AND DEPENDENCE SCENARIO DID NOT CONCLUDE HERE , AND IN 1967 THEY SURRENDERED THE WHOLE SACRED TERRITORY OF SINAI AND GOLAN TO THE ZIONISTS,AND TURNED MORE PALESTINIANS HOMELESS,AND IN 1970 THEY MASSACRED HOMELESS PALESTINIANS THROUGH AMIR ABDOLLAH'S GRANDSON AND HUSSEIN SHARIF'S GREAT GRANDSON. HOW NAIVE WERE THOSE WHO HAD THOUGHT THAT ZIONISTS ARE ONLY SATISFIED WITH SO MUCH. WE WITNESSED THAT THEY DID NOT LEAVE ALONE EVEN LEBANON AND IN 1982 THEY COMMITTED CRIMES WITH WHAT POWER THEY HAD, AND ONCE AGAIN ARAB RULERS AND THE TORDANIAN KING HUSSEIN ARE TRYING TO LEGITIMIZE ZIONISTS' ACTIVITIES IN ORDER TO SHOW THEIR GOOD SERVICE TO THEIR MASTER I.E. AMERICA, HOW NAIVE ARE THOSE THAT AWAIT PEACE AND EXPECT PEACE FROM ISRAEL.

ZIONISTS HAVE FORMERLY DECLARED THEIR OBJECTIVE AND THAT IS " THE EXTENSION OF ISRAEL FROM NILE TO EUPHRATES ", AND THE ONLY MEANS OF COUNTREING THIS POLICY AND OBJECTIVE IS THE WORD OF OUR BELOVED IMAM," ISRAEL MUST BE DESTROYED ",AND THAT ISRAEL IS THE ROOT OF CORRUPTION AND NO MORE.

INTRODUCTION:

IN THE NAME OF THE MOST EXALTED.

THE CURRENT BOOK WHICH CONTAINS DOCUMENTS FOUND AT THE AMERICAN ESPIONAGE DEN , DEMONSTRATES ONLY AN ANGLE OF ZIONIST AND AMERICAN ACTIVITIES IN IRAN. BY READING THIS BOOK ONE CAN FIND OUT THE IMPORTANCE , PRE REVOLUTIONARY IRAN HAD FOR THE ZIONIST REGIME,AND THAT OF U.S. AND WITH REGARD TO ISLAMIC REPUBLIC OF IRAN'S POSITION ONE CAN DISCOVER THE IMPORTANCE OF A CHANGE IN BALANCE OF POWER TO THE BENEFIT OF REVOLUTIONARY FORCES EMANATING FROM THIS REVOLUTION.

IT IS SUFFICIENT TO PRESUME THAT THE SHAH WAS PRESENTLY IN POWER , TO UNDERSTAND THE DEPTH OF CATASTROPHE WHICH WOULD HAVE INFLICTED THE REGION AND IT'S OPPERESSED PEOPLE, IF THE ISLAMIC REVOLUTION HAD NOT TAKEN PLACE. AND ON THE SAME BASIS, ONE CAN DISCOVER CRIMES AND TRECHERIES COMMITTED BY BATHIST SADDAM AND HIS SUPPORTERS SUCH AS THE SAUDI AND KUWAITI RULERS,AGAINST THE CAUSE OF PALESTINE, BY ATTACKING THE ISLAMIC REPUBLIC OF RAN.

A LOOK AT THE PRESENT DOCUMENTS REVEALS THE IMPORTANCE OF THE SHAH'S REGIME IN STRENGTHENING THE ZIONIST REGIME AND IT'S POLICIES IN RELATION WITH IRAN.

ONE OF THE PROBLEMS ALL COUNTRIES ESPECIALLY THE INDUSTRIALISED ARE FACING IS THE ENERGY PROBLEM AND THE MEANS OF ACCESS TO IT. THERE ARE MANY COUNTRIES WHO BECAUSE OF INSUFFICIENT ENERGY RESOURCES, EITHER DO NOT HAVE A FLOURISHING ECONOMY OR HAVE A VULNERABLE ONE . THUS IN RECENT YEARS OIL HAS BECOME ONE OF THE MOST IMPORTANT ECONOMIC AND POLITICAL PROBLEMS , BECAUSE IT IS CURRENTLY THE MOST IMPORTANT SOURCE OF ENERGY IN THE WORLD, SINCE MOST OF THE EXPORTABLE OIL OF THE WORLD IS PRODUCED IN THE MIDDLE EAST , ESPECIALLY ARAB COUNTRIES AND IRAN , AND SINCE ARAB COUNTRIES HAVE BOYCOTTED ISRAEL ON THE SALE OF OIL , IT HAS GAINED A SPECIFIC IMPORTANCE FOR ISRAEL. ISRAEL NOT ONLY LACKS OIL RESOURCES, BUT ALSO DUE TO HER INEXTENSIVITY, LACKS ENERGY PRODUCING RESOURCES SUCH AS RIVER-DAMS AND COAL.

THE BASIC ISSUE WHICH HAD ENGAGED THE ZIONIST REGIME AND THE U.S. IN RECENT YEARS, WAS THE PEACE BETWEEN ISRAEL AND EGYRT WHICH WAS ALSO CALLED CAMPE DAVID AGREEMENT. WITH REGARD TO THIS,AMERICA RELATES A PART OF HER PREVENTIVE ACTIONS AGAINST THE SO-CALLED TERRORIST ACTIVITIES THAT ENDANGER HER INTERESTS , TO HER OWN EMBASSIES, EVALUATING THE BOYCOTT OF EGYRT,AND THE NECESSITY OF HELPING THIS REGIME.IT IS CLEAR THAT U.S.AIDS TO BOTH THE EGYPTIAN AND THE ISRAELI REGIMES COMPRISES THE MAIN FOUNDATIONS OF CAMP DAVID TREATY IN ESTABLISHING THIS TREACHEROUS PEACE. ACCORDING TO THE 1983 FIGURES U.S. AIDS TO BOTH REGIMES EQUALLED 50 PERCENT OF HER TOTALL FOREIGN AIDS. ALTHOUGH THIS TRILATERALL AGREEMENT WAS CONCLUDED , THE U.S. WAS SECRETLY UNCOMFORTABLE WITH THE PURCHASE OF ARAB LANDS ON THE WEST BANK AND THE CAZA STRIP BY ISRAEL SINCE IT THREATENED THE IMPLEMENTATION OF CAMP DAVID TREATY. BUT , MORE THAN WHAT AMERICANS IMAGINE, SADAT HAD INVOLVED HIMSELF WITH THE SLIME OF THIS PEACE, AND INPITE OF THE AGGRESSIVE ACTS OF ISRAEL COULD NOT STOP INITIATING THIS,SO CALLED PEACE:

ALTHOUGH AMERICAN AUTHORITIES ARE NOT WILLING TO ADMIT ZIONIST CRIMES PUBLICLY, BUT WITHIN THE CONTEXT OF DOCUMENT NUMBER 35 THEY HAVE CLEARLY EXPRESSED THAT ISRAEL HAS IGNORED THE CEASEFIRE IN SOUTHERN LEBANON UNILATERALLY AND BY COMMITTING AIR-STRIKES AGAINST THE CAMP OF AL-BAR ON NORTHERN TRIPOLI,HAS TURNED A BRIDAL OCCASSION INTO A MOURNING CEREMONY BY MURDERING 6 PEOPLE THERE.DOCUMENTS NUMEBERED 46 AND 48 REVEAL THE CRIMES COMMITTED BY A ZIONIST OFFICER IN SOUTHERN LEBANON , AND SHOW HOW FOUR PALESTINIAN-LEBANESE PEASANTS WERE INNOCENTLY MURDERED WITHOUT BEING A THREAT TO THE ISRAELI OFFICER , AND HOW THE 12 YEAR COURT SENTENCE WAS DECREASED TO THREE YEARS , AND MEANWHILE AMERICAN AUTHORITIES TRIED TO NECESSITATE IT CUNINGLY IN THEIR OWN WAYS.IN DOCUMENT 49 THESE CRIMES ARE REVEALED IN SUCH A WAY THAT THE ZIONIST REGIME'S MINISTRY OF JUSTICE ADMITS THAT THE PRISONERS HAD BEEN TORTURED, AND OF COURSE IT HAS PROCLAIMED THAT IS HAS INFORMED AHIN BETH THAT IT WILL NOT TOLERATE SUCH MEANS AND WAY OF INTERROGATION.

DOCUMENTS 34,39,41,42 PROWE THE FACT THAT ISRAEL CAN NOT EXIST WITHOUT AMERICAN AND HER WESTERN ALLIES SUPPORT,AND IT IS FOR THE SAME REASON THAT CONTINUSE TO SUPPORT INTERESTS OF THE AMERICAN IMPERIALISM IN THE REGION. THESE SUPPORTS BECOME SO SURPRISING THAT THE ZIONIST NEWSPAPER HA'ARETZ WRITES THAT THE AMERICAN TAXPAYERS WANT TO KNOW HOW FAR THEY ARE TO SUPPORT THE UNNATURAL AND HIGH LEVEL OF LIFE IN ISRAEL.

BY LOOKING AT OTHER DOCUMENTS WE NOTE THE BAD ECONOMIC SITUATION OF THE ZIONIST REGIME. ACCORDING TO OTHER DOCUMENTS AVAILABLE AT THE ESPIONAGE DEN, U.S. AND HER WESTERN ALLIES,DURING 1970-1976 HAVE,ACCORDINGLY, GIVEN ISRAEL 8482'7 MILLION U.S. DOLLARS AND 562'9 MILLION DOLLARS IN ECONOMIC ASSISTANCE.IN 1983 THE RATE OF ASSISTANCE TO ISRAEL ALONE BY U.S. AMOUNTED TO MORE THAN 2485 MILLION DOLLARS.

MAY ALL MUSLIMS UNITE ONE DAY , AND ELIMINATE THIS ROOT OF CORRUPTION AND HER SUPPORTERS OFF THE EARTH.

[redacted]
Israeli

SECRET
1/24/57

Israel's unofficial representative in Tehran. Has been very active in placing p ro-Israel material in the local press. His contacts are through Abas [redacted], Ed: of Kayhan, and Engineer Abdullah VALA, Editor-owner of Tehran Mossavar. He is rumored to have paid out 100,000 rials to newsmen during the first week of November.

Source: CAS Dissemination
November 19, 1956

FORM FS-438
(REV.) 1-7-52

ROClark

CONFIDENTIAL

MEMORANDUM

To : The Ambassador April 28, 1965

Through: DCM

From : Martin Herz

Subject: Contact with the Israeli Representative in Iran

DORIEL, I.

Dr. Zvi Doriel, the Israeli Representative here, leads an ambiguous existence. He circulates widely in the Diplomatic Corps, but he is not of it. An attempt about a year ago to represent himself as "Ambassador" was decisively rebuffed by the Iranian Government. (He was forced to withdraw a circular letter in which he signed himself as Ambassador of Israel.) Yet he has widespread and no doubt productive contacts with Iranian officials.

Doriel has been in Iran for eight years and carries on a number of activities. You are familiar with the Israeli intelligence cooperation with the Iranian Government. There are others. Some reports on his activities are enclosed. The point right now is that Doriel would like to invite you to his National Day party on Sunday, May 2 (invitation enclosed). Because he does not know you, he sent the invitation through me.

Although I believe you should not shun contact with Doriel, I see no need for you to make an early public appearance at his enormous function on Sunday. One difficulty we have in dealing with him is that it is quite clear that among his manifold activities, which include the blowing-up of alarmist reports about Nasser, is his encouragement of the line that "Nasser is being propped up by American aid."

Doriel said to me yesterday that he will make an appointment to call on me on Saturday. I suggest that you profit from that occasion to come into my office (so he will not have called on you) to shake hands with him, that you express the desire to have contact with him from time to time, but that you express regrets that due to a previous commitment

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you cannot go to his party. There is no harm, on the other hand, as far as I can see, to inviting Dr. and Mrs. Doriel to some larger functions at the Embassy at a later time. You will no doubt see him also at many other parties.

POL:MFHerz/mja

CONFIDENTIAL

MEMORANDUM OF CONVERSATION

PARTICIPANTS: David Tourgeman, First Secretary, Israeli Embassy
E. Thomas Greene, Second Secretary of Embassy

PLACE : Farid's Restaurant

DATE : Wednesday, December 22, 1965

In a tour d'horizon the following noteworthy points were made:

1. Saudi-Arabia and Iran

Mr. Tourgeman questioned me in particular on the contents of the joint statement issued at the end of King Saud's visit to Iran. I told him what I'd read in the English-language press. He expressed surprise that even a preliminary agreement had been reached on the median line between the two countries and said he didn't think it would last.

2. Yemen. Harad Conference

Mr. Tourgeman said derisively the conference had debated small points for weeks. He thinks that it will almost certainly break down, particularly with a long Ramazan recess coming up. He sees little likelihood of political settlement and unity in the Arabian Peninsula.

3. Israeli Relations with Iran

The agricultural assistance program in the Qazvin area has been very successful, and "we hope more like it can be set up". Relations between the two countries are very cordial, but are still somewhat low key; there is no Israeli Embassy as such here. The Israeli Representation does not get involved with proposed emigration of Iranian Jews to Israel; this is handled by Zionist committees here.

COMMENT: Mr. Tourgeman did not talk about the Jewish Community here as much as I would have wished; he parried questions about it and was intent on focusing on international affairs. His comments on items 1, 2 and 3 above are nothing unexpected.

POL:ETGreene/mjs

Distribution:
NEAH/Reading
BIO
ETG chron.
CRU

CONFIDENTIAL
GROUP 4

CONFIDENTIAL

[redacted]

To : FILE

February 14, 1966

From : POL: WTreene

Subject: Evening at David TOURGEMAN's residence

Mr. Tourgeman called me up on the morning of February 14 and apologized for the late notice but invited me and my wife to come over to his apartment that evening about 9:00 p.m. for drinks and to meet some friends of his.

Those present included: Bilgin UNAN (First Secretary of the Turkish Embassy) and his wife, Mme. Nezen Unan, who is Second Secretary at the Turkish Embassy (ECE), and Mr. Haren [illegible] ALTAY (Third Secretary of the Turkish Embassy) of ECE. Also present was Colonel [illegible], the Deputy Military Attache of the Israeli office and a Mr. and Mrs. Hayatai HAVIV of Israel.

Mr. and Mrs. Shavik, on a "study trip" through the Middle East and Far East, said they have only spent a month here and intend to spend another month before proceeding to India, Thailand and possibly Viet-Nam. They said they intended to visit Afghanistan and Pakistan as well, whereupon Colonel Efron said they would not be able to go to these countries on Israeli passports. I would guess that the Shaviks are about 25-30 years old. He has been working for five years in the Department of Arab Affairs (which deals with the Arab minority within Israel) in Jerusalem, and has been studying at Hebrew University as well. Both he and his wife speak fluent English. In addition he speaks Arabic and Persian; and said he studied Swahili for four to five months. He also knows at least a handful of words in Turkish.

The conversation ranged to various topics of no political significance and my wife and I left about 12:30.

Comment:

It would be interesting to know more about Mr. Shavik's visit to Iran, the places he has been and the contacts he has made.

POL:WTreene/jas/rga 2/24/66

Distribution:
AMB/POL Reading
AMB/DCM Subject
CHRON
GW
CRU
BIO (Israeli)

CONFIDENTIAL
GROUP 4
Downgraded at 3-year intervals, declassified after 12 years.

NLJ 76-321744
NSC ltr 1/31/77

CONFIDENTIAL

American Embassy, Tel Aviv
January 23, 1967

SUBJECT: Current Status of Mordechai Gazit

PARTICIPANTS: Mr. Mordechai Gazit, Assistant Director General, Ministry for Foreign Affairs
Mr. R. Stackhouse, Embassy, Tel Aviv

= wants to Book Ambo.

At lunch January [illegible] Mordechai Gazit was mellow and relaxed. I asked him if he was busy. He said no, not especially. He was heading up two or three task forces in the Ministry and in fact one of the task forces was completed its work that very morning. In spite of my probes, Gazit would not tell me precisely what it was his task forces were concerned with. He said that he had about one meeting a week in connection with his task force work and that of course some time was taken up in preparation for the meetings and mopping up afterward.

He was doing a lot of public speaking these days, he continued, and had within the next few weeks about fifteen lectures, before Mashav audiences, the Israeli National War College and so on. He said one upcoming lecture was on the U.S. and the Middle East. His principal text was the L. Alexis Johnson speech of January, 1964. In his lecture he would also make reference to some of Mr. Dulles' speeches in the mid-1950s to show how far the U.S. had come by 1964.

Though Gazit was not very informative about exactly what he was doing, it came out in the course of the conversation that he was still very interested in, and very well informed on, matters having to do with Iran, South Arabia and the Horn of Africa.

He seemed especially weary and disinterested in discussing Arab/Israel issues.

GROUP 4

Downgraded at 3-year intervals.
Declassified 12 years after date of origin.

CONFIDENTIAL

I recalled a conversation we had had in Washington over two years before when he, in discussing means by which Israel might gain greater acceptance in the Middle East, had suggested ways should be found to increase routine traffic through Mandelbaum Gate. He had suggested that the USG should seek every opportunity to increase Gate transit by USG employees for both official and non-official purposes. I said he would be interested in knowing that recently there had been increased restrictions on travel by our Consulate General personnel through the Gate imposed, not by Jordan, but by Israel.

Gazit's response was indirect. He stated as a general proposition that governments ought to make up their minds what it is exactly that they want and then proceed by well conceived programs to achieve their objectives. He left no doubt that the GOI was not following this prescription in handling Arab/Israel issues. Take for example, he said, the question of crossings by diplomats and tourists at Rosh Hanikra. He felt that it was a desirable objective for the GOI to do everything possible to open up Rosh Hanikra as Mandelbaum Gate had been opened. Yet it could not seem to decide that this was a desirable objective, much less go about achieving it in an effective way. He was convinced, he said, lapsing into a philosophical mood, that the bane of modern existence was bureaucracy. Mr. Eban might agree very well with him in principle, but putting new ideas into practice through the bureaucracy was impossible.

Gazit said his Rockefeller Grant to do a book on "Israel and the Great Powers" was still pending. The amount of the grant, $14,000, was simply not enough to finance the two years' work necessary to do the job. He gave no indication that getting two years off from the GOI would present any problems.

Some additional miscellaneous items from the conversation:

(a) Israel has more technicians in Iran (40) than in any other country.

(b) The attitude of the Turks was disappointing. Gazit had noted a statement by the Foreign Minister before the Turkish Parliament that, in the event of another Middle East dust-up on the order of 1958, the Turks would not permit the U.S. base at Adana to serve U.S. military interests in the area. Furthermore, the Turks had consulted the Israelis

only as their Foreign Minister was about to begin his visit to Egypt, thus making it impossible for Israelis to give their advice to the Turks in good time.

(c) Gazit said with a mischievous smile he thought it was about time the Israelis taught the Syrians a lesson; they really ought to give the Syrians a good bash. I said to Gazit that he knew well how we felt about these things as a matter of principle. There was besides the possibility that the irrational Syrian regime might react by setting off major hostilities. Previous Israeli bashes had not taught the Syrians a lesson; why should another one? Furthermore, at present there was some hope the upcoming extraordinary session of the ISMAC would help reduce tension. It seemed to me it was a particularly poor time to be doing what Gazit suggested and I was more than a little surprised that Gazit of all people was thinking in these terms. Gazit insisted that strong military action was the only way to straighten out the Syrians. As we parted he smilingly reminded me to report his views as MFA views. I told him to keep cool; one heard enough talk about bashes in IDF circles.

NOT CLEAR TO ME

Comment: Gazit is the only senior MFA official we have heard talk quite this hawkishly in the current tension. That he would do so is probably another sign - if one were needed - of his conscious non-identification with the MFA establishment. Our conversation covered refugees and the Horn of Africa, being recorded elsewhere. The conversation confirmed what we have heard from other sources that Gazit really is at loose ends in the Ministry and there is a continuing decline in his influence. Discreet inquiries have failed to give us any idea what happens next.

POL:HHStackhouse/lf

cc: Mr. Davies, NEA; NEA/IAI; Embassies Teheran (Mr. Thatcher), London (Mr. Palmer), Damascus (Mr. Chase), Ankara; Amconsul Jerusalem.

CONFIDENTIAL

1 Sheet

United States of America

INCOMING AMERICAN EMBASSY TEHRAN

SECRET
Classification

Control: 7166

Rec'd: May 25, 1967
0615

ACTION:
DOSH-2

P R 241300Z MAY 67
FM AMEMBASSY LONDON
TO RUEHC/SECSTATE WASHDC 6656 PRIORITY
INFO RUEIVCR/AMEMBASSY CAIRO 271
RUQNBE/AMEMBASSY BEIRUT 128
RUQTAN/AMEMBASSY TEHRAN 145
RUQMVL/AMEMBASSY TEL AVIV 141
RUEHCR/AMEMBASSY MOSCOW 257
RUEHDT/USMISSION UN NY 432
RUEDPSA/CINCSTRIKE/MEAFSA
ZEN/AMEMBASSY AMMAN UNN
ZEN/AMEMBASSY DAMASCUS UNN
ZEN/AMCONSUL JERUSALEM UNN
STATE GRNC
EF
E T LONDON 9326

LIMDIS

TANKERS ENGAGED IN IRAN TO SILAT RUN

1. FOL DATA, OBTAINED FROM IRANIAN OIL CO. AFTER BREWER-PALMER TELCON, SUPPLEMENTS INFO PASSED TO AKINS MAY 23.

2. LISTED OWNERSHIP OF FOUR TANKERS (ALL LIBERIAN FLAG) WHICH REGULARLY CARRY OIL FROM IRAN TO EILAT:
A. NORA - HARIZ TANKER CORP. (MANAGER - E. HAYMAN), MONROVIA.
B. LEON - TRANS-WORLD TANKER CORP., MONROVIA.
C. SAMSON - SUPERTANKER CORP., MONROVIA.
D. CIRIS - (FORMERLY HE AURORA). ASTRO-ARMADA NAV. S. A., PANAMA.

3. A FIFTH SHIP, THE PATRIA, LISTED AS OWNED BY ZAS TANKER CO., LTD. MONROVIA, HAS BEEN USED IN THIS PROGRAM BUT IS NOT NOW SO ENGAGED.

4. THE OIL COMES FROM STOCKS OWNED BY TWO MEMBERS OF IRICON GROUP: SIGNAL-IRAN OF LOS ANGELES AND SOHIO OF CLEVELAND.

GP-3. BRUCE

/AEP

SECRET
Classification

Israel RLD East

S E C R E T NO FOREIGN DISSEM
CLASSIFICATION

Intelligence Information Cable

COUNTRY IRAN ISRAEL — FIELD REPORT NO. NIT-7411

DATE OF INFO. 27 MAY 1967 — DISTR. 29 MAY 1967

SUBJECT

OIL TANKERS TRAVELLING BETWEEN IRANIAN PORTS AND THE GULF OF AQABA

PLACE & DATE ACQ. IRAN, TEHRAN (27 MAY 1967) — REF TDCS-314/07341-67

SOURCE AND EVALUATION: PARAGRAPH 2: AN OFFICIAL BRITISH SERVICE.

PARAGRAPH 3: AN IRANIAN BUSINESSMAN WHO IS WELL-INFORMED ON ECONOMIC RELATIONS BETWEEN IRAN AND THE SOVIET BLOC AS WELL AS OTHER COUNTRIES IN THE MIDDLE EAST. HE IS A NEW SOURCE AND HIS RELIABILITY CANNOT YET BE JUDGED.

1. (FIELD COMMENT: TDCS-314/07341-67 REPORTED THAT THE TANKERS SIRIS (FORMERLY THE AURORA), NORA, LEON AND SAMSUN--ALL FLYING THE LIBERIAN FLAG--REGULARLY CARRY OIL TO EILAT.)

2. THE TANKERS NORA AND LEON DEPARTED KHARG ISLAND FOR THE GULF OF AQABA ON 20 AND 24 MAY 1967 RESPECTIVELY. THE TANKER SIRIS IS DUE AT KHARG ISLAND ON 28 MAY TO LOAD OIL. IT IS NOT KNOWN WHERE THE SAMSUN AND THE PATRIA, ANOTHER

This material contains information affecting the National Defense of the United States within the meaning of the Espionage Laws, Title 18, U.S.C. Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

S E C R E T — NO FOREIGN DISSEM
CLASSIFICATION — DISSEM CONTROLS

TANKER WHICH CARRIES OIL TO ISRAEL AND WHICH ALSO FLIES THE LIBERIAN FLAG, ARE AT THE PRESENT TIME.

3. THE SIRIS AND THE PATRIA TRAVEL REGULARLY BETWEEN KHARG ISLAND AND EILAT WITH OIL FOR ISRAEL, A ROUND TRIP OF ABOUT 20 DAYS. OTHER SHIPS ARE ALSO KNOWN TO CARRY OIL FROM IRANIAN PORTS TO ISRAEL, BUT A NUMBER OF THEM ARE FALSELY MANIFESTED ON LEAVING PORT SO THAT EILAT IS NOT LISTED AS THEIR DESTINATION.

4. FIELD DISSEMINATION: STATE ARMY NAVY AIR CINCUSNAVEUR CINCSOUTH (PERSONAL) CINCMEAFSA. ALSO SENT LONDON, AMMAN, BAGHDAD, BEIRUT, CAIRO, DAMASCUS, JUDDA, KUWAIT, ANKARA, ISTANBUL.

REPORT CLASS SECRET NO FOREIGN DISSEM

Pipeline Israeli

SECRET/NOFORN

Department of State

INFO : LONDON (3), TEL AVIV

Amembassy TEHRAN DATE: May 27, 1968

Israeli Pipeline

CERP-D; Tel Aviv's A-777; INR Report April 1968, Subject; "The New Israeli Pipeline: Fact not Fiction" (SECRET/NOFORN)

SUMMARY

Israeli officials believe an Eilat/Mediterranean oil pipeline will prove less onerous to construct and maintain than equivalent tanker capacity. Flexibility of the line is believed to be greater than by large tankers in supplying Eastern Mediterranean ports. The pipeline will be finished within one year and ample crude will be available.

* * * *

The following observations regarding the Israeli pipeline were gleaned from long conversation with Israeli officials on May 14:

1. Economic Justification

A. Cheaper than Around Africa. While oil companies claim the pipeline is not economic, they know better. As Israelis see it, 29 ships of 200,000 ton capacity can move 50 million tons of oil through the pipeline in the course of a year. To move the same amount in the same time span with the same size ships around Africa, would required 50 ships. Each ship costs $20 million, and since this would mean 21 more ships the extra cost is over $400 million, which is two or three times the cost of the pipeline.

SECRET/NOFORN

ECON:RHPeterson:pm 5/23/68 ECON:RtHarlan

ECON:RLDowell AMB:AHMeyer(draft) DCM:NGThacher(draft)

B. Lower Maintenance Costs. The Israelis claimed that maintenance costs are much higher for ships than for pipeline, with ratio of maintenance to capital costs being 2:1 for ships versus 1:2 for the pipeline.

C. Superior Port Handling Facilities. The Port of Eilat is so deep it can handle ships of any size. At the other end, the port will be able to shuttle smaller ships to European ports in the Eastern Mediterranean which in any case can handle only smaller ships and would be unable to receive supertankers coming from around Africa; i.e., double handling would be necessary in any case.

Thus, the Israelis are convinced that a pipeline is fully justified economically, even if Suez were to be reopened.

2. Financing.

In response to a query about the reason for Baron Rothschild's withdrawal, the Israelis said he was never in.

3. Availability

They said this would be a transit facility open to any one. They noted that all the oil for the present 16" pipeline currently comes from Iran, but no commitment has been given that would make capacity available to Iran in the existing 16" line.

4. Construction

They expect to be finished within one year. Much of the pipe will be made in Israel by a pipe mill, built there by Torrence of California. They have not been using the modern high-frequency welding process being used in the Ahwaz Pipe Mill and are using a more conservative, old-fashioned process. They said they are completely convinced that Torrence mill is satisfactory although such projects inevitably have a shake-down period. They mentioned that the quality of steel sometimes presents problems.

5. Supply of Crude

They added that they are not worrying in the slightest about availability of sources of crude for deliveries through the pipeline; the only problem was finding customers at the other end of the line.

THACHER

SECRET/NOFORN

Part 10-A
Eilat-Ashkelon

A-1184 SECRET

Department of State

INFO: BEIRUT, TEHRAN, USINT CAIRO

Israeli Pipeline

AmEmbassy Tel Aviv

Eilat - Ashkelon Pipeline

September 7, 1968

Tel Aviv A-777
Tehran A-619
Tehran A-620

EMBASSY OF THE
UNITED STATES OF AMERICA
16 SEP 1968

ECON 2
AMB
DCM
POL
ATTS
USIS
COM'L
C'IRON
POUCH 3

Although Israeli officials continue to speak mostly in generalities about the pipeline project, a few items from recent discussion with Mr. Dov BEN DROR, Chairman of the pipeline companies and Dr. Moshe NEEMAN, the Director of Fuel Administration, provide a little better insight into the project.

Dr. Neeman said he had been instructed to say nothing to anyone about the pipeline. He added that this was a silly instruction since just about all he knew about the project was contained in Platt's daily (not available in Tel Aviv) during the first week in June, and Platt's information was pretty reliable.

Preparation of the site for the pipeline is well underway, and the actual laying of the pipe is now expected to begin in October. Estimates of completion are now given as "September 1969", or more broadly "Autumn 1969".

Both sources declined to specify what transit fees will be charged. Ben Dror said he knows what it will cost to transport the oil, but will never reveal that figure, and he knows approximately what he will charge, but is holding this figure closely because it is still subject to negotiation.

Return to ECON (RLA)

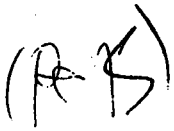
GP - 3
SECRET

ECON/AID:RAFlaten:jb:9-6-68
COMMATT:CENorris, Jr.
ECON:ASKochanek

ECON:RCBreithut

The Ashkelon terminal of the 42 inch pipeline will be able to serve all types of tankers, not just small ones for Eastern European ports which are unable to accept superthukers. According to Ben Dror, although there are no Israel flag tankers, Israel either owns or is able to obtain the services of enough ships to run 20 million tons of oil through the pipe a year. In a previous conversation, Ben Dror had complained that an American steamship company had cancelled a contract it had had with Israel because of Arab pressure on one of the major oil companies. This week Ben Dror said that this problem has been solved, but the GOI is still considering whether or not to take legal action against the shipper. The problem was solved, he said, by the Government of Israel, which made certain "hints" to the oil companies that Israel would prefer not to be treated in this way. Ben Dror said he did not expect the oil companies to publicly make common cause with Israel, but he thought they should at least avoid kicking Israel unnecessarily.

ZURHELLEN



SECRET 5/1/69

~~RHH~~
~~NGT~~
The Ambassador

RLD.

Attached is a recent letter from Rod Wright in Beirut. I think that you may find of interest two (marked in red) paragraphs in his letter: the first deals with an opinion that the Israelis will be able to easily find 400-500,000 bpd for the new crude line- - - from the independents in the Gulf and NIOC (to me this seems quite high) and the second Stauffer's comments crude production peaking in Iran and his belief that the Shah will not be impressed by such figures.

cc

RLD

SECRET

SECRET

Israeli Pipeline

Beirut, Lebanon

April 25, 1969

OFFICIAL-INFORMAL

Warren Clark, Jr., Esquire
Fuels and Energy
Bureau of Economic Affairs (E/ORF/FSE)
Department of State
Washington, D. C.

Dear Warren:

Please accept my warmest thanks for sending out the material for presentation to Professor Mikdashi. I handed them over at the April 23 session when Wally McDonald held forth. The material will be useful not only to Mikdashi and the AUB students, but also to consultants and others here in Beirut to whom I have supplied an anotated bibliography of the publications given to Mikdashi.

Several of us are looking forward to the complete Anti-trust and Monopoly Subcommittee report; I hope you'll have a chance to send out around five copies just as soon as it is printed. I suspect that other colleagues in Tehran, Kuwait, Dhahran, Tripoli, etc., would also appreciate receiving copies.

As requested in your April 8 letter we are on the alert to any information concerning the Israeli pipeline. As I believe I mentioned before, Jack Hartshorn stated when he was here for the AUB seminar that the Israelis will have no trouble whatsoever filling the line to 400-500,000 B/D, citing only the independents in the Gulf and NIOC. As for the latter, your excellent and very useful memcon of April 4 (SECRET) certainly contained a bombshell -- Henry Moses' comment on page 7. As I eagerly studied your report, it occurred to me to suggest that you might want to pass a copy to London.

SECRET

Further notes on the memcon:

-- page 5 - Dhahran's A-57, 4/2/69, Encl. 2, p.1, puts Aramco's reserves at 84.4 billion, very close to Hedlund's figure, but above The Oil and Gas Journal's 77 billion.

-- all of the presentation by the industry representatives, I wasn't sure whether in their discussion of Iranian reserves they were counting only Consortium reserves or the whole Iranian picture. It would seem the former. However, this would distort the picture from the point of view of the Iranians since non-Consortium operators, including the new Arepi group and Continental, could well increase the Iranian reserves figure therefore leading to a later, and perhaps much later, downturn or peaking in production. On the other side of this reserves/production coin, Wally McDonald noted here that the share of crude in the European energy picture could well peak in the mid-70's. Could this be a reason behind the Iranian desire to push so hard now? Tom Stauffer, during his seminar appearance here a week ago, emphasized the Iranian desire to push as fast as possible now in order "not to go broke" (I'll leave it to Bob Dowell to treat that one). What Tom implied, however, is that the Shah will not be dissuaded by "peaking" statistics presented by the Consortium.

I see the SAG is keeping a watchful eye open -- Dhahran's 359 and A-60 have just arrived.

This letter started with publications, so it may as well end on the same note. The April issue of the News Letter, publications page, carries a reference to Edward H. Shaffer's The Oil Import Program of the United States: an Evaluation, New York: Praeger, 1968; 257 pp, $17.00. Before I send off an order, can you tell me whether it is worth it or not (...perhaps you might have an extra copy??). Also, do you have a copy of the Interior study dated January 16, 1969, concerning "Cost of the Oil Import Program to the American Economy", which is mentioned on p. 3 of Mead's paper.

SECRET

Again, many thanks for the help.

Sincerely yours,

Rod

Roderick M. Wright
Petroleum Officer

cc: Robert L. Dowell, Jr., Esquire (w/anotated bibliography)
Petroleum Officer
American Embassy
Tehran, Iran

FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

OFFICE OF THE AMBASSADOR

12.29.69

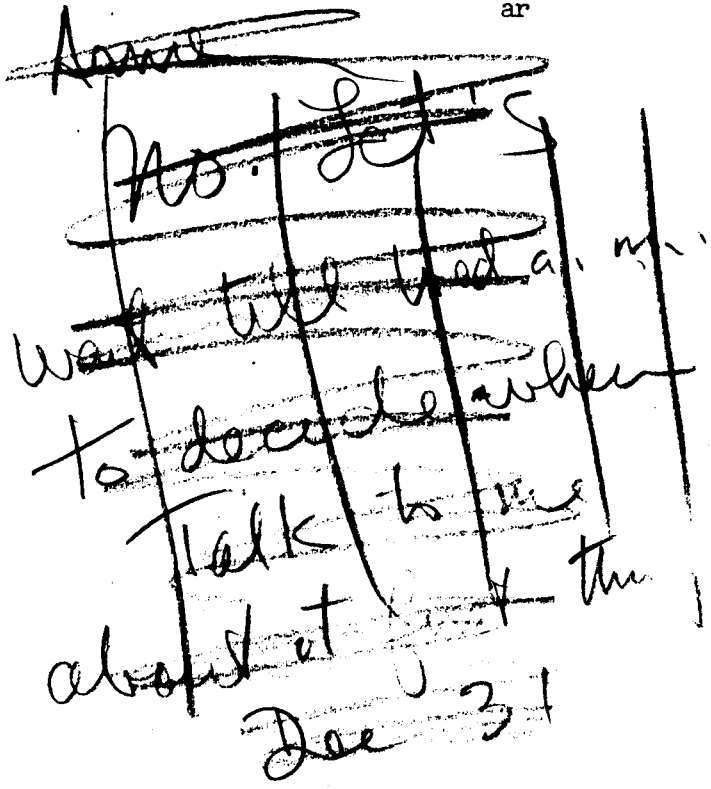
Date.....

Mr. Ambassador:

Sub: The Attached

Charlie McCaskill will set up the appointment with the head of the Israeli Mission. Could he come to the office to see you this coming monday, January 5, at 1430? Your OK schedule is otherwise free that afternoon.

ar



OPTIONAL FORM NO. 10
MAY 1962 EDITION
GSA GEN. REG. NO. 27

5010-106 LIMITED OFFICIAL USE

UNITED STATES GOVERNMENT

Memorandum

BIC (ISRAEL)

TO : The Ambassador

THRU : The DCM

FROM : POL - CWM

DATE: December 18, 1969

SUBJECT:

My contact in the Israeli Mission called today to say that "his Ambassador", Mr. Ezri, would like to arrange a meeting with you. I told him that I would inquire and let him know.

Mr. Ezri is the Chief of the Israeli Mission here and, while he has the personal rank of Ambassador in his own service, he has no Ambassadorial rank here. He is not listed in the diplomatic list and is not included in diplomatic functions. He operates in a sort of limbo, neither fish nor fowl.

Our relations with the Israelis here have never been close, though we do maintain contact on the working level. They are fairly good sources of information, and at that level, we have found it fruitful to keep in touch.

In your discretion and when you have time, I think you might receive Mr. Ezri here. Since he does not have Ambassadorial rank, there would be no question but that he should call on you. If you approve, I will call my man back, and tell him that you are very busy ~~making your calls on other Ambassadors now, but when you do have time, you would be glad to receive Mr. Ezri here. Then when you do have the time, we can go ahead and set up his call.~~ and have him call (perhaps in next ten days or so)

Decontrol following December, 1970

Just you'll call Monday next, no appointment date + time

LIMITED OFFICIAL USE

DEPARTMENT OF STATE

Washington, D.C. 20520

SECRET

March 17, 1970

TO: NEA/IRN - Mr. Miklos

FROM: E/ORF/FSE - James E. Akins

REFERENCE: Your Memorandum dated March 12, 1970

SUBJECT: Throughput of Israeli Pipeline

Our estimate based on available information is that about three-quarters of the oil going through the Israeli Pipeline comes from Iran. The rest, amounting to some 75,000 to 100,000 barrels per day, comes from the Bela'im offshore and onshore fields in Sinai, occupied by Israel since June 1967.

Of the oil going through the Israeli pipeline from Iran, we believe most of it is owned by the National Iranian Oil Company (NIOC). In January Iranian offshore concessions produced 340,000 b/d, of which NIOC's share would be about 170,000 b/d. (However, not all of this is available to go through the Israeli pipeline since NIOC has some customers East of Suez).

As much as another 100,000 b/d of NIOC oil could be going through the Israeli pipeline under barter oil agreements between NIOC and the Consortium, by which up to a certain amount of oil can be purchased by NIOC from the Consortium at a "quarter-way" price for sale only to specified countries in Eastern Europe. Much of this oil is believed to be going to Romania.

It is possible that some Iranian oil from Iricon members or other small companies without interests in Arab countries are using the Israeli pipeline. However, we have no evidence that any of the major oil companies or companies producing in any Arab country are using the line. And we doubt that they would do so.

E/ORF/FSE/WClark,Jr:led

SECRET

AMEMBASSY TEHRAN

SECRET CONTROL: 5820

August 22, 19
1720

ACTION: R 221140Z AUG 70
ECON-5 FM AMCONSUL DHAHRAN
TO RUEHC/SECSTATE WASHDC 1825
INFO: INFO RUQVAN/AMEMBASSY TEHRAN 551
RUQMVL/AMEMBASSY TEL AVIV 52
RUQVRA/AMEMBASSY JIDDA 2505
RUQVKW/AMEMBASSY KUWAIT 761
RUDTCR/AMEMBASSY LONDON 517
RUQMBE/AMEMBASSY BEIRUT 711
BT
S E C R E T DHAHRAN 515

DEPARTMENT PLEASE PASS CAIRO

SUBJ: EILAT-ASHQUELON PIPELINE

1. AT THIS CRITICAL TIME, WE BELIEVE ANY US ASSOCIATION WITH EILAT-ASHQUELON PIPELINE SCHEME MIGHT INVOLVE DANGEROUS RISKS VIS-A-VIS OUR RELATIONS WITH FRIENDLY ARAB OIL PRODUCING STATES AND WOULD PROVIDE BADLY-NEEDED AMMUNITION IN ARAB EXTREMISTS FIGHT AGAINST CURRENT PEACE EFFORT LAUNCHED BY U.S. POPULAR FRONT FOR LIBERATION OF PALESTINE IN JULY 11 ISSUE BEIRUT WEEKLY AL-HADAF HAS ALREADY ACCUSED US, SAG AND IRAN OF PLOTTING AGAINST ARAB INTERESTS BY ARRANGING TO HAVE ADDITIONAL IRANIAN OIL PUMPED THROUGH THE ISRAELI LINE.

2. MOREOVER, AT TIME WHEN ALL PRODUCING STATES IN GULF ATTEMPTING INCREASE PRODUCTION, ANY MOVE THAT WOULD SEEM TO ASSIST ONE PRODUCER (I.E. IRANIAN NATIONAL) TO BETTER ITS POSITION IN LUCRATIVE EUROPEAN MARKET WOULD BE DEEPLY RESENTED BY GOVERNMENTS OF ARAB OIL PRODUCING STATES AND US OIL FIRMS OPERATING IN AREA.

3. IN SHORT, WE FEEL THIS ESSENTIALLY MATTER BETWEEN IRANIANS AND ISRAELIS AND BOTH ASTUTE ENOUGH TO SEE POSSIBILITIES OF EILAT-ASKQUELON PIPELINE WITHOUT PROMPTING BY USG.

DINSMORE

SECRET

EXDIS

Department of State

TELEGRAM

Amembassy TEHRAN

ACTION: SecState, WashDC 5654

INFO: Amembassy LONDON
Amembassy BONN
Amembassy BELGRADE
Amembassy ATHENS
Amembassy BRUSSELS
Amembassy THE HAGUE
Amembassy BEIRUT
Amembassy AMMAN
Amembassy JIDDA
Amembassy TEL AVIV
Amembassy KUWAIT
Amconsul DHAHRAN
USMISSION NATO
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USINT CAIRO

24 AUG 70
1400

SECRET TEHRAN 3654

EXDIS

SUBJECT: Eilat-Ashqelon Pipeline Potential

REF: STATE 135651

1. Iranian oil in principle available for possible Western European sale via Israeli pipeline is:

(a) oil sold by Consortium members. Because Consortium members have extensive interests in Arab countries which would be jeopardized by use of Eilat pipeline, Consortium does not use it.

DRAFTING DATE	TEL EXT.	APPROVED BY:
8-24-70	2190	AMB:TMacArthur FT

GEORGE LAMBRAKIS
Chairman

(b) oil from Consortium area made available to NIOC. NIOC does not sell Consortium area oil in markets in Western Europe already served by Consortium members. NIOC does barter Consortium oil to LDC's, mostly Romania. Some of this oil does transit Eilat pipeline, but the NIOC for obvious reasons claims it does not know the ultimate destination of the oil it sells nor how it will travel.

(c) Oil from NIOC joint ventures with foreign [illegible] companies, mostly produced offshore.

2. Embassy estimates NIOC has about 300,000 b/d offshore (para. (c) above) oil available for sale 1970, 400,000 b/d 1971, most of which firmly committed East of Suez to Madras refinery (owned in part by NIOC), Japan, Singapore. It would be extremely difficult for NIOC to abandon these commitments (especially case of Madras refinery), particularly since these are painfully developed long-term markets which NIOC would not want to lose for probably shorter-term opportunities created by Libyan cutbacks. 100,000 b/d estimated balance offshore oil now available for NIOC sales West of Suez marketed for it by its joint venture partners. This balance could be raised by another 80,000 b/d in near future. These joint venture partners also have Arab investments which make them unwilling use Israeli pipeline.

3. Iran is of course eager expand oil offtake wherever it can, and it will need no rpt no stimulus from us or others to use Eilat pipeline to greater extent should this prove feasible.

[illegible]

Accordingly, we think it would be both dangerous to our relations with Arab world, and unnecessary, for us to suggest ~~GOI~~ expand use of Kirkuk pipeline for Iranian oil.

4. DEPT PLEASE PASS AMEMBASSY BONN, BELGRADE, ATHENS, BRUSSELS, THE HAGUE USMISSION NATO, EC BRUSSELS, OECD PARIS AND USINT CAIRO.

MACARTHUR

SECRET/NODIS

38

EMBASSY OF THE UNITED STATES OF AMERICA

27 OCT

DATE: October 5, 1976

SUBJECT: Israeli Pipeline

PARTICIPANTS: A.K. "Pete" Volcast, Esso
Warren Clark, I/OMP/EUR

COPIES TO: Amembassy Tel Aviv — NEA/IRN
Amembassy Tehran — EB/ITA
Amembassy Cairo — INR (10)
Amembassy Beirut — I/OMP/EUR (3)
NEA/RA

20

Mr. Volgast said Esso's best estimate of the current throughput capacity of the Israeli pipeline was only 400,000 barrels per day. He said this was based on a number of sources, including talks with Israelis who were knowledgeable about the Israeli oil industry; recent statements made in the Israeli Knesset; and other sources. The Shah of Iran, who in the past has said he has an equity interest in the Israeli pipeline, also cites an estimate close to this figure (450,000 b/d).

Mr. Volgast said the Israeli source said actual throughput in September was about 300,000 b/d, that plans are to increase throughput to 600,000 b/d in 1977; 800,000 b/d before 1978 and 1.2 million b/d between 1978 and 1980. He said estimated throughput costs were 20 cents per barrel.

Mr. Volgast said the Israeli sources also said that almost all the major international oil companies were directly or indirectly using the Israeli pipeline. Mr. Volgast added he could not confirm this estimate, but that his company was not using the line.

Comment: In an earlier conversation with an executive of Standard Oil of Indiana, he volunteered that his company was shipping most of its production from its IPAC concession offshore Iran through the Israeli pipeline. The casualness with which he made this assertion led the reporting officer to suspect that authorities in Iran, where most of Standard Oil of Indiana's interests in the [illegible] are located, may know this use of the Israeli pipeline [illegible]

(1)

[illegible] (Drafting office and D/OMP)

FORM DS-1637

SECRET

Tehran, Iran

October 23, 1970

SECRET
OFFICIAL-INFORMAL

Warren Clark, Esquire
E/PSE
Department of State
Washington, D.C. 20520

Dear Warren:

Your October 9 memorandum of conversation with Pete Wolgast contained some surprises. I had never heard that Iran, much less the Shah personally, has an equity interest in the Israeli pipeline. My understanding was that the Israelis had asked the GOI if it would permit oil of Iranian origin to transit the line. The Iranians replied in the affirmative, thus assuring the Israelis of a large enough throughput to make a pipeline of the size intended economically viable.

The question of who "uses" the line, of course, is largely a matter of definition. Presumably the extremist Arabs would say that any oil company selling its oil to a purchaser whom it (the seller) knows or should know will put the oil through the pipeline is itself "using the line and is thus a legitimate target for retaliation. From this viewpoint, it would be true to say that many major internationals are "using" the line. However, representatives of oil companies here, big and small, swear that their companies do not send oil to which they themselves have title through the pipeline. They all say they know this would be unacceptable to all Arab governments including Saudi Arabia, Kuwait, and the sheikdoms.

I was also puzzled by your comment that an SOI executive reports that most of IPAC's production is going through the Israeli pipeline. As it happens, I just had a conversation this week with Dave Wilkie who is operations manager for IPAC. He says that because of the IPAC-NIOC tax/price dispute, Standard is lifting no oil at all for itself, and hence production is cut back severely to just enough to provide for liftings by NIOC. These liftings are some 90,000 b/d which NIOC is committed to supply to the Haifa refinery and about 75,000 b/d which, in Wilkie's words, "NIOC sells to Israel. He went on to explain that apparently this fills in some shortfalls in Israel's own production of oil for its own internal use.

[illegible]

Since this leaves the whole picture rather cloudy, perhaps the next time you talk to Pete and the gentleman from Standard, you could press them on these points. It would be particularly interesting to know, if Standard's share of IPAC production before the shutback did indeed transit the Israeli line, whether at that point it was still owned by Standard or had passed to a purchaser.

All good wishes,

Sincerely,

John L. Washburn
Petroleum Officer

cc: NEA/IRN (RDowell)

DEPARTMENT OF STATE

Washington, D.C. 20520

November 25, 1970

OFFICIAL INFORMAL
SECRET/[illegible]

John Washburn, Esquire
Petroleum Officer
American Embassy
Tehran

Dear John:

Thank you for your letter of October 29 in response to my memcon of October 9 with Pete Wolgast on Israeli pipeline throughput. My footnote about Iran's equity interest in the Israeli pipeline was based on a number of remarks made by the Shah in the last few years mentioning his "interest" in the pipeline, but especially on his conversation with the Consortium members in Zurich on January 31, 1969.

In the Consortium's minutes of that talk, the passage dealing with the proposed Iran-Turkey pipeline reads as follows:

> "The Shah said that the (Iran-Turkey) pipeline was not a pet project of his; he saw the advantage, in the same way the members did, of keeping the flexibility afforded by tanker exports from Kharg Island, but on the other hand, he would not turn down the chance of earning an extra 10 cents a barrel if that was what the pipeline offered. It was merely a question of economics: if the pipeline was an economical one he was for it, if not he would not. HIM added that it was open to Iran to use the Israeli pipeline, particularly since they had an interest in the line. The Arabs could not prevent this, and he did not want and did not expect the Arabs to have a victory over Israel . . ."

It was particularly the proprietory tone and sense of this passage, plus other statements at other times, that led me to conclude that the Shah (or Iran, for I am afraid I sometimes fall into Iranian practice of equating the

SECRET

Imperial "Joe" with both) had a direct financial interest in the pipeline, rather than merely some throughput agreement.

In his conversation with Hodlund and Page September 27, 1972 the Shah brought up the Israeli pipeline, noted that "Iran is not a stranger to this project", and seemed to be gently promoting its use.

Bob Dowell seems to recall Ambassador Meyer informing from a talk he had with the Shah that Iran had financial interests in the Israeli "2" pipeline. To Bob's recollection this talk took place about the time, in 1967 or so, that the Israelis were redoubling their efforts to find the necessary financing for the line.

There was a CIA report recently (DB-3 321/30017-72 dated 24 October 1972) that Agha Jari crude purchased from a US firm is going through the Israeli pipeline now, in addition to NIOC oil. This report was of course not evaluated. Place of acquisition of the information was Tel Aviv.

For what it is worth, the Iranian Embassy has been telling the Egyptian Interests Section of the Indian Embassy here, and us, that no NIOC oil at all is going through the Israeli pipeline. When I asked my friend Youssef Akbar of the Iranian Embassy what he meant by that, he said NIOC sells the oil at Kharg Island or wherever, and where the purchaser takes the oil is his business, not NIOC's.

The source of my information on SOI's use of the Israeli pipeline was Mr. Falkingham, SOI's General Manager in Iran. As well as Bob Dowell and I can recall, his words went something to the effect, "Our (offshore) production goes through the Israeli pipeline". Perhaps Falkingham can provide you with any more information you may require, if he is still in Iran.

Speaking of SOI, there are still several aspects of the IPAC business that mystify me. In your letter of October 3 you said that Iqbal's position was that IPAC may not have prices discounted from the posted price used for calculating taxes and royalties, and that this "directly controverses" a provision in the IPAC agreement which sets up a committee which "may" grant IPAC discounts. Although NIOC may allow discounts,

is it under any obligation to do so other than under the broad language in article 21-1 of the agreement? Also, for us to better understand the problem, it can be helpful to have details on the basis of the Embassy's estimate that Iranian production would be 200,000 b/d greater had the IPAC dispute been settled a year ago (Tehran 4355). Tehran's 5139 leads me to hope that the resolution of the IPAC/NIOC issues are now somewhere on the horizon.

Bob and I were interested in the Embassy's A-314 of October 29 about the LNG plant proposed by Kaiser. As you know, projects are now under way to import LNG into the US from Algeria and Venezuela, and studies have been made on importing LNG from Nigeria, which is somewhat further by sea than Algeria. The current cost estimates are that Algerian LNG would be considerably more expensive than present sources (about 63 cents per million Btu regassified at the US port vs. about 43 cents for gas now delivered at the East Coast by pipeline from Texas and Louisiana). We will no doubt end up paying the higher cost, however, since, as Kaiser rightly points out, we are running out of available gas in this country and will pay more rather than do without. However, I would be surprised if it was yet feasible for Persian Gulf LNG to be at all competitive in the US market with LNG from other sources as Kaiser apparently implied by suggesting that long-term contracts with US East Coast public utilities could be used as "collateral" for loans. Most of the cost of an LNG project is in the tankers; an LNG tanker about the size of a 40,000 or 50,000 dwt oil tanker costs in the neighborhood of $40 to $50 million (i.e., more than twice the cost of a 250,000 dwt oil tanker), so that costs increase very rapidly with the distance the LNG tanker has to travel.

If there is any potential market for Persian Gulf LNG during the next four or five years (the time it would take to get an LNG project going when starting from scratch) I would think it was Japan rather than Europe or the US. None of the industry sources we have talked to believe that even LNG to Japan is as yet feasible from the Persian Gulf, although all seem to agree that it will be someday as market prices rise. Japan is now getting LNG from Alaska and will be getting some soon from Brunei. I would suspect that closer sources of gas to Japan such as Indonesia might be tapped before going

another three thousand miles or so to the Persian Gulf. In this connection, we would be most interested in the current status of plans mentioned by Mr. Firoozan of NIGC by American, French, and Italians for LNG plants in Iran. Do you agree with his assessment that time is short if Kaiser or others still want to get in on an LNG project in Iran? Incidentally, Kaiser reportedly mentioned that Iran had "unused capacity" of 450,000 cubic feet per day. Do you know how they got this figure? According to the Iran Oil Journal of October 1970, Iran in August was flaring about 1.9 billion cubic feet per day (56.4 billion cubic feet per month). Has flaring been greatly reduced now by the opening of the gas pipeline to the USSR?

This letter has become rather long. I hope it does not sound too contentious, for I don't mean it to sound contentious, but I thought it important to share with you some of our views and reactions.

With every best wish for the holidays,

Sincerely,

Warren

Warren Clark
Office of Fuels & Energy

cc: NEA/IRN - Mr. Powell
Commerce/OICP - Mr. Hale

SECRET

Tehran, Iran

December 23, 1970

OFFICIAL-INFORMAL
SECRET

Warren Clark, Esquire
S/AE
Department of State
Washington, D.C. 20520

Dear Warren:

Many thanks for your letter of November 25, which, such are the vagaries of air pouches these days, arrived only a few days ago. On the question of an Iranian equity interest in the Israeli pipeline, I don't really know where I come out after reviewing your points. I was aware of the Shah's comments to the Consortium representatives in Zurich, but I did read his statement there that Iran "had an interest in the line" as meaning that the GOI had made a statement of intent to use the line to the Israelis which the latter had used in support of the line's bankability. I have also subsequently been told by Eng. Sepahban, Director of NIOC's Office of Economic Research, that the GOI had no need of a financial investment in the line because the Israelis were good at getting financing and very much wanted Iran to use the line in any case. As a result of all this, I am inclined to bring in a Scotch verdict of not proved until I can do some more digging around on the subject. I'll also try to see if CAS can help me out on this. I have also seen a copy of the Tel Aviv CIA report. I think what is behind this is that the NIOC receives crude from the Consortium under the arrangement with which you are familiar and sells it to Romania. This is all Agha-Jari light and does, of course, travel through the Israeli pipeline, but no international company is connected with it.

Yousef Akbar's line is the standard GOI/NIOC position. The NIOC does in fact usually make purchasers bear the responsibility for transporting the oil through the Israeli pipeline or whatever other form of transportation they choose.

The story with GOI's crude is the same as the Agha-Jari crude. That is to say the oil is indeed produced out of GOI's concession, but half of it becomes the property of the NIOC under the joint venture agreement. NIOC sells much of this share to purchasers who transport it through the Israeli pipeline. However, IPAC has reconfirmed to me that it does not send any of GOI's share of the concession's production through the Israeli pipeline.

Downgraded at 12-year intervals,
not automatically declassified

SECRET

Further on the IPAC problem, I perhaps did not make it clear that Eqbal's position is that IPAC had no right to so much as ask for discounts and that, therefore, they are not a proper subject for negotiation or discussion between the parties. Our estimate that IPAC's production would be 200,000 b /d larger had its dispute been settled a year ago was provided to me directly by Dave Wilke, the manager of IPAC. There seems to be no possibility for a resolution of this awful mess in the near future. Vanderbeek (you will have seen our reporting on him stating our pleasure at his performance so far) must have time to find his feet and the whole aftermath of the sacrifice of Falkingham on the altar of Eqbal's ego will take a while to die out.

Thank you for the very helpful background on LNG. I had not been aware of the full complexity of the economics of this new industry and I am very grateful to have the information at hand. We will be checking shortly again on the status of the applications to NIOC for LNG plants. I rather suspect that Mr. Firoozan may have been somewhat exaggerating the shortness of time available to Kaiser to make its application. I don't know where Kaiser got the 450,000 cubic feet per day gas availability figure, unless they were managing just one field. The Iran Oil Journal figure is as good as any I know for current rates of flaring. Flaring has not been greatly reduced by the USSR pipeline because much of the gas in the pipeline is supplied by special new wells drilled particularly for the purpose.

I enclose a document recently received under the table from NIOC and a copy of a memo I wrote for Bill to the Ambassador about it. As far as anyone in the Consortium here knows, the Consortium has not attempted to reply to the figures in this booklet. For the reasons I gave in the memo, I think it would be very desirable if we could get both sides discussing their respective figures now that the NIOC has produced what seems to me a very respectable presentation. In addition, I'd be interested in any general views on the booklet of representatives of Consortium members visiting you. Particularly, I'd be interested in any scuttlebutt that they might have as to the identity of the consultant whom I suspect wrote the analysis for the NIOC.

Don't ever worry about sounding contentious (and you didn't). We have to bat things back and forth to get the best appraisal possible for situations which at the best are generally pretty murky. I hope that this arrives in time to make appropriate my warmest wishes for a very happy New Year.

Sincerely,

John L. Washburn
Petroleum Officer

SECRET

DEPARTMENT OF STATE

AIRGRAM

Pol 17 IRAN-ISR

Original to be typed in _____ Decentralized Files

FILE DESIGNATION

CA-55

CONFIDENTIAL

INTERFILING INDICATOR

TO : Amembassy TEHRAN

INFO : TEL AVIV

EMBASSY OF THE UNITED STATE OF AMERICA
12 JAN 1971

Jan 6 12 43 PM '71

TEHRAN

FROM : Department of State DATE

SUBJECT Minister in Charge, Iranian Mission to Israel, Ebrahim Teymuri

REF Your A-347 of December 7, 1970

The following information on Ebrahim Teymuri, extracted from Kuwait's A-218 of April 9, 1964 (sent to Tehran), is submitted in reply to referenced airgram. Additional information is not available.

Interest was evinced in the Shaykhdoms of the Southern Gulf by members of the Iranian Foreign Minister's party which visited Kuwait March 28-30. In particular, Ebrahim Teymuri spoke at some length with the reporting officer on the subject. Teymuri, who affirmed he was in charge of the Persian Gulf Division of the Foreign Office, was evasive about his role on the delegation and concealed his recent service in Israel by stating he had served in Bern, Switzerland, the past 6 years and in London before that. He claimed to know little about the Gulf stating he had not visited any of the Shaykhdoms and had only assumed his functions at the Foreign Office two months before.

ROGERS

GROUP I
Excluded from automatic downgrading and declassification

CONFIDENTIAL

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In Out

Drafted by: INR/OIL/S-WCordekel:smr | Draft Date: 12/28/70 | Phone No.: | Contents and Classification Approved by: INR/OIL/B-PEHuff

Clearances: INR/OIL/CS-DSimmons
INR/DDM-MKStanley
NEA/IRN-TWChilds (in substance)

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CONFIDENTIAL

The Files-(Iranian Mission File) May 19, 1971

Jay Freres, Political Officer, AmEmbassy Tel Aviv

Ebrahim TEYMURI, Chief of Iranian Mission in Israel

CA-55, January 6, 1971

On April 27, 1971, I called on the new head of the Iranian Mission to Israel, Ebrahim Teymuri, at his request. Teymuri indicated that he wished to maintain contact with the American Embassy as he had done during a previous tour in Israel (1960-1964?).

In the course of conversation, Teymuri indicated that the Iranian Government believes Israel should display more flexibility in its negotiations with the Arabs. He argued that it was not to Israel's long-term advantage to insist on the retention of Arab lands since this would only aggravate and prolong the Arab-Israel conflict.

Teymuri inquired whether the U.S. would put pressure on Israel to withdraw in accordance with something like the Rogers Plan. I told him that our Government is trying to persuade Israel to come out with its own ideas on a peace settlement and that we did not intend to force Israel to accept the Rogers Plan or any preconceived settlement plan.

- -

Teymuri seems to be friendly to the United States and its Near East policies. He confirmed that he had been in charge of Persian Gulf affairs during part of the time between his departure from Israel and his return a couple of months ago (Ref CA). I did not press him on this, our first meeting, as to details of what he had been doing in connection with Gulf affairs.

I assume that Teymuri's status is the same as that of his predecessor, Feryuoon Farrokh, i.e. that he is technically a part of the Iranian diplomatic staff at Bern, Switzerland, but who is actually in charge of the semi-covert Iranian Mission in Israel.

The Iranian Mission in Israel seems to have about three officers, including Teymuri. The others I have met were H. Ghazi-Zadeh who dealt (in 1969)

[illegible]JPFreres:lah 5/19/71

CONFIDENTIAL

TEYMURI, Ebrahim

mainly with Iranian-Jewish students in Israel, and Mahmoud Izadi, a political officer. (Izadi expects to leave before the end of 1971). The Mission is located in a villa at 28 Jabotinski Street, Ramat Gan, (tel: 733-033). Teymuri lives in the villa.

Switzerland protects Iranian interests in Israel and applicants for Iranian visas are directed to the Swiss Embassy in Tel Aviv. However, an Iranian Mission employee handles the visa issuances.

cc: INR/OIL/B
CIA/OIC
Amembassy Tehran (POL)

DEPARTMENT OF STATE

Washington, D.C. 20520

March 23, 1972

SECRET/NOFORN - EYES ONLY

OFFICIAL-INFORMAL

John L. Washburn, Esquire
American Embassy
Tehran

Dear John:

In view of the "No Dissem Abroad" restriction on the enclosed CAS report you may not have seen it. I've put the "Eyes Only" caption on this letter as we should hold very closely the fact that I have passed it along.

In para 3 the report suggests that NIOC has an equity interest in the Eilat-Ashkelon pipeline. A few years ago I gained the impression that GOI had some undefined financial interest in it. I had assumed however that this was limited to loans, guarantees, and/or throughput agreements; equity participation however surprises me. Any information you may have on this question would be of interest to us.

Sincerely,

Robert L. Dowell, Jr.

Enclosure:
CAS Report 00-B-321/00088-72
dtd 1/14/72

SECRET/NOFORN

Intelligence Information Report

Guy Caruso
143-7931
Pipeline

This material contains information affecting the National Defense of the United States within the meaning of the Espionage Laws, Title 18, U.S.C. Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

DIRECTORATE OF INTELLIGENCE

S-E-C-R-E-T

COUNTRY	Israel/Iran	REPORT NO.	OO-B-321/00088-72
SUBJECT	Eilat-Ashkelon Pipeline/Increased Capacity/Second Pipeline/Additional Mooring Buoys/National Iranian Oil Company Partnership	DATE DISTR.	14 JAN 1972
		NO. PAGES	2
		REFERENCES	

DATE OF INFO. December 1971

PLACE & DATE ACQ. BY SOURCE Tel-Aviv/December 1971

THIS IS UNEVALUATED INFORMATION

SOURCE: US citizen; executive of firm engaged in manufacture of offshore oil equipment.

1. During discussions with Ben Dor, Chairman and Managing Director, Eilat-Ashkelon Pipeline Company, and Bar-zev Shaul, General Manager, Maritime Bank of Israel, it was learned that present planning calls for an ultimate capacity of 120 million tons per year. This figure will be reached within three years primarily through the addition of a second 42 inch pipeline and changes in the floating storage facilities at Ashkelon. It is estimated that the ultimate capacity of each pipeline will be 60 million tons. Present capacity is 40 million tons and the volume for calendar year 1971 was about 20 million tons.

2. In addition to the second pipeline, the following changes are planned. At Eilat the loading dock which currently handles two 100 thousand dead-weight tonnage tankers will be expanded to be able to handle two additional tankers in the 150 thousand dwt class. On the Ashkelon side, there are currently two multi-point and one single point mooring buoys. In January 1972 a contract will be awarded for a fourth buoy, which will be a single point mooring system. In May 1972 berth one, a multi-point buoy, will be replaced by a single point buoy. Ten months from the completion of the fourth buoy, berth five, a single point system, will be added. The single point system allows 60% greater utilization of the berth when compared to the multi-point system because the moored vessel can rotate 360° around the single buoy terminal with changes in wind, tide and current.

3. After many attempts to keep it secret, Ben Dor admitted that the Eilat-Ashkelon Pipeline Company is half owned by the National Iranian Oil Company (NIOC). Dor had requested five year financing on the changes in the mooring system described above. The US firm's bank ran credit checks on the pipeline company and determined that it is 50% owned by the government of Israel and 50% by APC Holdings of Montreal. The bank then tried to determine the location of and names of the officers of APC but were unable to

U NO | S-E-C-R-E-T | S NO

CONTROLLED DISSEM NO DISSEM ABROAD

The dissemination of this document is limited to civilian employees and active duty military personnel within the intelligence components the USIB member agencies, and to those senior officials of the member agencies who must act upon the information. However, unless specifically

do so. When told that the inability to identify APC Holdings was hindering the financing, Dor stated that officials of NIOC were his partners. He added that most of the crude pumped through the pipeline is from Iran. Dor mentioned that two 225 thousand dwt tankers are under construction in Norway by Maritime Fruit carriers. One is almost completed and the other will be finished in a few months. They will both carry crude from Iran to Eilat.

- end -

Department of State **TELEGRAM**

AMEMBASSY TEHRAN TP

R 091230Z FEB 73
FM AMEMBASSY TEL AVIV Classification CONFIDENTIAL
TO RUEHC/SECSTATE WASHDC 7237
INFO RUESKG/AMEMBASSY AMMAN 5799
RUESBE/AMEMBASSY BEIRUT 3807
RUDTCR/AMEMBASSY BELFAST 0002
RUEIVC/USINT CAIRO 3039
RUQSHW/AMCONSUL DHAHRAN 0130
RUESRA/AMEMBASSY JIDDA 0492
RUDTC/AMEMBASSY LONDON 1936
RUESHR/AMENBASSY TEHRAN 0394
BT
C O N F I D E N T I A L TEL AVIV 1105

TEL AVIV 1105
Feb. 10, 1973
0939

SUBJ: MARITIME FRUIT CARRIERS UNDERTAKE MAJOR EXPANSION.

1. ISRAEL-BASED MARITIME FRUIT CARRIERS COMPANY HAS TWICE BEEN IN NEWS THIS WITH ANNOUNCEMTNS MAJOR PURCHASES IN UK. FEBRUARY 1, COMPANY ANNOUNCED ORDER FOR SIX SUPER TANKERS OF 330,000 TON CLASS VALUED AT BRITISH POUNDS 150 MILLION FROM HARLAND AND WOLFF COMPANY OF BELFAST. FEBRUARY 7, PRESS REPORTED FORMAL ANNOUNCEMENT EXPECTED OF ANOTHER ORDER FOR SIX SUPER TANKERS OF 250,000 TON CLASS AND SIX REEFERS OF ABOUT 10,000 TONS EACH FROM SWAN HUNTER, NEWCASTLE. THESE ORDERS FOLLOW ON ORDER IN US FOR THREE SUPER TANKERS OF 380,000 TON CLASS.

2. ALL THESE ORDERS SEEM TO FIT PATTERN OF MARITIME PAST EXPANSION, BEING BASED ON READINESS GOVTS TO EXTEND GENEROUS FINANCING TO KEEP THEIR SHIPYARDS AT WORK.

3. WE ASSUME THAT ORDERS PROBABLY NOT RELATED TO INTEREST IN KEEPING ELIAT-ASHQELON PIPELINE FULL. CAPACITY OF TANKERS ORDERED APPEAR TO BE OVER TWICE AS MUCH AS WOULD BE NEEDED TO FILL PROJECTED 40 MILLION TON PER YEAR CAPACITY OF PIPELINE. NEW TANKERS LIKELY TO BE USED GENERALLY IN OIL CHARTER TRADE UNDER VARIOUS FLAGS BUT WITH CONCENTRATION ON DELIVERY IRANIAN CRUDE PERHAPS TO US.
GDS
ZUBHELLEVN
BT

ISRAEL

Uriel LUBRANI

Ambassador-Designate
to Iran

CENTRAL
REFERENCE SERVICE

Uriel Lubrani (pronounced LoobrahNEE) has been on the Koor Industries Management Board as director of joint enterprises and projects abroad since mid-1971. This board determines basic policy for Koor Industries Ltd., Israel's largest industrial corporation.

Early Life and Career

Uriel Lubrani was born on 7 October 1926 in Haifa. He graduated from prestigious Reali High School in Tel Aviv in 1944. He has a B.A. (honors) from the University of London. Lubrani served in the Haganah and the Israeli Defense Forces from 1944 to 1948. He entered the Foreign Ministry in 1950 and served first in the Middle East Division, and then as private secretary to the late Foreign Minister Moshe Sharett from 1951 to 1953. He was in London from 1953 to 1956.

Lubrani was assistant adviser, and then adviser, on Arab affairs to former Prime Minister David Ben Gurion during 1957-61. His unsympathetic attitude toward Arabs at this time drew criticism from the Israeli press at least twice. Lubrani was assistant director general of the Prime Minister's office in 1963 when Levi Eshkol became Prime Minister. He continued to served under Eshkol as political secretary and director of his private office. In 1965 Lubrani resigned his post because, in his words, his loyalities to Ben Gurion prevented his feeling fully sympathetic to Eshkol.

Lubrani served as Ambassador to Uganda, Rwanda and Burundi from 1965 to 1968 and to Ethiopia from 1968 to 1971. During his tour in Kampala, Lubrani implemented Israel's aid program which involved

Uriel LUBRANI ISRAEL

placing advisers with the Ugandan army, air force and police. These contacts made him one of the best informed men in Uganda and the US Embassy found him to be a valuable and cooperative friend.

Personal Data

Lubrani and his wife, the former Sara Levi, have four children: Talia, Osnat, Dorit, and Nily. Lubrani contracted malaria in Uganda. He speaks excellent English.

CIA/DDI/CRS
LKoch

22 June 1973

Israel
AIR
B/O

CONFIDENTIAL

MEMORANDUM OF CONVERSATION

Tehran, December 5, 1973

SUBJECT : Iran: Miscellany

PARTICIPANTS : Areyeh Levin, Counselor, Israeli Mission
Douglas Heck, Minister-Counselor

COPIES TO : AMB NEA/IRN OR
POL Amembassy TEL AVIV

At the suggestion of Ambassador Lubrani, Areyeh Levin, Counselor of the Israeli Mission in Tehran, called on me December 5. He has only recently arrived but said that he and his family are reasonably well settled.

BIOGRAPHIC DATA: Levin was born in Tehran and educated here. He is a graduate of Community School in the days when it was a Presbyterian mission institution and a good number of its students were Jewish. After he went to Israel from Tehran he joined the foreign service, serving in Ethiopia, then as Charge in Ruanda. He has been in Paris for the last four years, which he characterized as a difficult and fascinating period. He is married and has several children. His wife is a musician and is not too happy with Tehran which she feels lacks musical and cultural opportunities. He speaks English well and is about 5' 6".

IMPRESSIONS OF IRAN: Returning to Tehran after a long period, Levin said he was astonished at the changes that had occurred. These included not only all the usual evidences of change in a city like Tehran, with better facilities, bigger buildings, higher standard of living, etc., but more important, he felt, there was evidence of more fundamental changes which suggested that the Shah was indeed successful in moving the country into the 20th century and changing some of its outlook. He mentioned, for example, that although there is much talk of corruption, the situation has actually significantly improved. When he was here before, ministers and key government officials could easily be bought. This is no longer true today and while ministers may have their hand in the till in one way or another, they cannot be bought outright. The system no longer permits this. Another important change is the presence in the government of educated, intelligent and experienced people, well qualified for their jobs. Thirty

years ago even key officials could be illiterate and totally unequipped to deal with the responsibilities assigned to them. In short, Levin says he is impressed by what he has seen and optimistic about Iran's future.

ACTIVITIES IN TEHRAN: Levin said he has experienced no difficulties or hostility since he has been here. He moves around freely and no one has refused to see him. In this connection he mentioned a recent conversation with an editor with whom he was discussing anti-Israeli sentiment in Tehran during the recent war. The editor told him that pro-Arab support that developed during this period should be interpreted not only as an indication of popular support for the Arabs but also as an expression of opposition to the Shah. There were few ways in Iran that one could demonstrate against the present regime and being pro-Arab is a safe way to express one's self without getting into trouble. Many feel that the Shah does not favor a pro-Arab policy.

DCM:Dlleck/rw

Department of State

NIOC-4

TELEGRAM

AMEMBASSY TEHRAN

[CONFIDENTIAL TEL AVIV 1876

Classification

Apr 2, 74 - 10%

ACTION ZNY CCCCC ZZH
ECON-5 R 211039Z APR 74
FM AMEMBASSY TEL AVIV
INFO TO RUEHC/SECSTATE WASHDC 2220
AMB INFO RUESHR/AMEMBASSY TEHRAN 564
DCM RUESRA/AMEMBASSY JIDDA 750
POL-2 BT
POL/M C O N F I D E N T I A L TEL AVIV 1876
OR-2
USIS E.O. 11652: GDS
CRU TAGS: ENRG, IS, IR
SUBJ: PRICE OF PETROLEUM IMPORTS
POUCH
NIOR REF: TEL AVIV 589
TABR
16/Rlb IN DISCUSSION MARCH 28 WITH FINKIN SAPIR AND HIS AIDES ASMON AND DAVRATH, THEY TOLD EMBOFFS THAT ISRAEL HAD NEGOTIATED CONTRACT TO BUY IRANIAN CRUDE AT PRICE OF 16.50 DOLLARS PER BARREL. CONTRACT WAS FOR FIST SIX MONTHS OF 1974. THEY SAID THEY WERE STILL NEGOTIATING WITH IRANIANS WITH RESPECT PRICE FOR SECOND HALF OF YEAR. SAPIR SAID QUANTITY OF IRANIAN OIL INVOLVED EQUALS ROUGHTLY HALF OF ISRAEL'S NEEDS.

VELIOTES

BT

CONFIDENTIAL

Classification

C-10

AMEMBASSY TEHRAN PET

ZNY CCCCC ZZH CONFIDENTIAL
P R 170907Z JUN 74 17 JUN 74 TELAVIV 3256
FM AMEMBASSY TEL AVIV 1320
TO RUEHC/SECSTATE WASHC PRIORITY 2763
INFO RUESOR/AMEMBASSY CAIRO 4183
RUESRA/AMEMBASSY JIDDA 822
RUESHR/AMEMBASSY TEHRAN 590
RUESRE/AMEMBASSY BEIRUT 5659
BT
C O N F I D E N T I A L TEL AVIV 3256

ACTION ECON-5

INFO AMB DCM

POL-2 OR 2 POL/M USIS CRU

PROR TABR 10/1m

E.O. 11652: GDS
TAGS: ENRG, IS, IR
SUBJ: ISRAELI PETROLEUM IMPORTS

REF: TEL AVIV 2550 AND 2557

1. IN CONVERSATION WITH EMBOFFS ON JUNE 11, MOSHE BITAN, MANAGING DIRECTOR OF PAZ OIL COMPANY, STATED THAT HE HAD JUST RETURNED FROM TEHRAN WHERE HE HEADED ISRAELI TEAM NEGOTIATING PURCHASE OF CRUDE OIL. HE SAID THAT AGREEMENT HAD BEEN REACHED FOR 2 MILLION TONS, WHICH WOULD BE IMPORTED OVER SECOND HALF OF 1974, AT PRICE OF "93 PERCENT OF POSTED PRICE, I.E., ABOUT $11 PER BARREL." HE ADDED THAT GOI IS TRYING TO NEGOTIATE COMPENSATION FROM IRANIANS FOR "OVERCHARGING" FOR 2 MILLION TONS OF CRUDE IMPORTED DURING THE FIRST HALF OF 1974 AT AUCTION PRICE OF $16.90. BITAN DID NOT SEEM TO THINK THERE WAS MUCH CHANCE IRAN WOULD AGREE TO COMPENSATION, WHICH WOULD REQUIRE POLITICAL DECISION AT HIGHEST LEVELS.

2. BITAN SAID ISRAEL IS CONSIDERING THE POSSIBILITY OF STORING CRUDE OIL UNDERGROUND, AND PLANS TO DISCUSS TECHNICAL PROBLEMS INVOLVED WITH SWEDISH EXPERTS IN THE FIELD. HE SAID THAT AT PRESENT ISRAEL IS ABLE TO MAINTAIN FIVE-MONTH RESERVE OF COMBINED CRUDE AND DISTILLATES.

3. BITAN SAID HE WAS NOT PRIVY TO GOI CONSIDERATIONS OF POSSIBLE DISPOSITION OF ABU RODEIS OIL FIELDS. HE DID SAY THAT ISRAEL REFINING CAPABILITY WOULD NOT RPT NOT BE AFFECTED BY THE LOSS OF SINAI CRUDE. ALTHOUGH ITS REFINERY AT ASHDOD HAD BEEN CONFIGURED WITH THE RELATIVELY EASY ABU RODEIS OIL IN MIND, A SHIFT TO LIGHTER CRUDE INPUT COULD BE ACCOMMODATED BY SLIGHT ADJUSTMENTS IN THE MIX OF REFINED PRODUCTS.

KEATING

CONFIDENTIAL

DEPARTMENT OF STATE

TELEGRAM

ISRAEL

LIMITED OFFICIAL USE
Classification

BEIRUT 0578

16 JAN 75 1115

ZNY CCCCC ZZH
R 151215Z JAN 75
FM AMEMBASSY BEIRUT
TO RUQMAD/AMEMBASSY TEL AVIV 5511
INFO RUEHC/SECSTATE WASHDC 2324
RUQMKG/AMEMBASSY AMMAN 9735
RUEHEG/AMEMBASSY CAIRO 2211
RUFHRO/AMEMBASSY ROME 2086
RUQMKR/AMEMBASSY TEHRAN 4342
BT
LIMITED OFFICIAL USE BEIRUT 0578

ACTION ECON-5

INFO AMB CHOE POL-2 OR-2 POL/M USIB CHU

KHOR TABR 16/1m

EO 11652: NA ECON 1/14/76
TAGS: PFOR ENRG EG IR IS
SUBJ: SHAH "OFFERS" OIL TO ISRAEL

REF: TEL AVIV 195

1. L'ORRIENT-LE-JOUR ARTICLE CITED REFTEL WAS LENGHY THINK-PIECE BY EDITOR-IN-CHIEF EDOUARD SAAB ON IRANIAN-EGYPTIAN RELATIONS, SHAH'S "GRANDIOSE" WORLD VIEW, AND IRAN'S POSSIBLE ROLE IN ME. SOURCE OF SAAB'S INFO NOT CLEAR BUT HE MENTIONED SHAH'S INTERVIEW WITH AL AHRAM.

2. PENULTIMATE PARAGRAPH REFERS GENERALLY TO AID "PERFUL" IRAN COULD GIVE TO "DEPLETED" EGYPTIAN REGIME, SAYING IRAN COULD EXPECT FREE ZONE AT PORT SAID IN RETURN AND THAT IRANIAN CAPITAL WOULD NOT ONLY ALLAY EGYPTIAN BUDGETARY DIFFICULTIES BUT ALSO INDUCE DEVELOPED WORLD TO CONTIBUTE TECHNOLOGY. PARA CONTINUES THAT SHAH COULD PLAY POLITICAL ROLE IN ARAB-ISRAELI CONFLICT AS MEDIATOR FOR DISENGAGEMENT OF FORCES IN SINAI.

3. SPECIFIC REFERENCE TO "OFFER" THEN READS: "TEHRAN WOULD UNDERTAKE TO ASSURE PROVISION OF PETROLEUM TO ISRAEL UPON RETREAT OF LATTER FROM TERRITORIES IN SINAI WHERE WELLS OF ABU RUDEISS ARE SITUATED. BUT OPERATION WOULD ONLY BE CONCEIVED IN FRAMEWORK OF OVERALL PEACE PLAN RIGOROUSLY CONFORMING TO SPIRIT AND LETTER OF SC RES 242. FOR CERTAIN WESTERN DIPLOMATIC CIRCLES IN (CAIRO), THIS DEMARCHE BY SHAH WOULD BE OF NATURE TO FAVOR REVIVAL OF KISSINGER MISSION, IN VIEW OF NEW ACCORD FOR SEPARATION OF FORCES."

4. SHORT AL HAWADITH ARTICLE PUBLISHED JAN 10 SAID ITS CAIRO CORRESPONDENT HAD LEARNED THAT SHAH HAD INFORMED ISRAELIS, VIA SECRETARY KISSINGER, THAT IRAN IS "PREPARED COMPENSATE ISRAEL FOR LOSS OF ABU RUDEISS OIL WELLS IF ISRAEL GIVES THEM BACK TO EGYPT." SHAH REPORTEDLY "WOULD PROVIDE SIXTY PERCENT OF ISRAEL'S NEEDS FREE OF CHARGE UNTIL FINAL ARAB-ISRAELI SETTLE-

Classification

FORM FS 1(2M) 11-73

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MENT IS AACHIEVED." MAGAZINE, NOTING ITS CORRESPONDENT HAD FILED HIS STORY BEFORE SHAM ACTUALLY ARRIVED IN CAIRO, ADMITTED THIS REPORT WAS "SPECULATION" AND ADDED THAT ITS CORRESPONDENT HAD BEEN ASKED TO VERIFY IT. "THIS SCOOP IS IMPORTANT," CONCLUDED HAWADITH, "BUT IT WILL BE MORE IMPORTANT IF ONE HUNDRED PERCENT TRUE."

5. COMMENT: WHOLE STORY SEEMS TO BE A BIT TOO TENOUS TO BE TAKEN SERIOUSLY AT THIS POINT. (WE NOTE THAT BEIRUT'S PRESTIGIOUS MIDDLE EAST ECONOMIC SURVEY IGNORED IT.) HAWADITH CORRESPONDENT SEEMS TO HAVE ONLY GRASPED STRAW IN WIND, AND SAAB MAY ONLY HAVE BEEN INDULGING IN SUPPOSITION. NEITHER ARTICLE MENTIONS MECHANICS OF HOW IRAN WOULD SUPPLY OIL TO ISRAEL (E.G., DIRECTLY OR INDIRECTLY), NOR DO THEY ELABORATE ON THAT MOST IMPORTANT CONSIDERATION, PRICE. ISRAEL PRESUMABLY NOW GETS ABU RUDEISS CRUSE AT COST. UNLESS POOR MUSLIM COUNTRIES ARE GIVEN DISCOUNT BY IRAN, IT IS DIFFICULT TO IMAGINE LATTER GIVING ISRAEL LESS THAN WORLD PRICE OF DOLS 10-11 PER BARREL. ISRAEL CAN, OF COURSE, GET OIL ANYWHERE AT THAT PRICE, BUT PROBABLY CANNOT AFFORD IT.

6. ON GENERAL SUBJECT OF CURRENT ISRAELI-IRANIAN RELATIONS, WE CALL EMBASSY TEL AVIV'S ATTENTION TO INTERESTING ARTICLE BY DAVID HOUSEGO THAT APPEARED IN JAN 8 ISSUE OF LONDON FINANCIAL TIMES (PAGE 5).

GODLEY

CONFIDENTIAL

Files

February [illegible], 1975

David R. Patterson

Iranian Oil to Israel

Dick Killian, Vice President of Gulf Oil Trading and Development Co., said that his company has a computer model that traces oil movements. They have discussed selling it to DOD and CIA.

This model showed, for first semester 1974, that slightly over 252,000 B/D of Iranian oil was going to Israel. Since then they have had difficulty getting an accurate fix.

ECON:DRPATTERSON:ms

cc: Charge'
RCBREWIN
WALUNDY
BLGERBER
POL
NEA/IRN

CONFIDENTIAL

CONFIDENTIAL LIMDIS

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FM AMEMBASSY TEL AVIV
TO RUEHC/SECSTATE WASHDC 6485
INFO RUQMHR/AMEMBASSY TEHRAN 0721
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C O N F I D E N T I A L TEL AVIV 2596

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LIMDIS

E.O. 11652: GDS
TAGS: ENRG, IS, IR
SUBJ: CRUDE OIL IMPORTS FROM IRAN

REF: TEHRAN 2059
FINANCE MINISTRY OFFICIAL HAS CONFIRMED TO EMBASSY THAT CRDE OIL PURCHASE FROM IRAN IS CONTINUING AT LEVEL OF FOUR MILLION TONS PER YEAR. HE SAID THAT PRICE PAID BY ISRAEL DURING CALENDAR 1975 AVERAGES $10.35 PER BARREL, WHICH HE DESCRIBED AS QUOTE INTERNATIONAL PRICE UNQUOTE.
VELIOTES

CONFIDENTIAL LIMDIS

R 201552Z MAY 76 CONFIDENTIAL)) CN 7611
FM AMEMBASSY TEL AVIV 20MAY76
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C O N F I D E N T I A L TEL AVIV 3535

E.O. 11652: GDS
TAGS: ENRG, IS
SUBJECT: ISRAELI OIL AND ENERGY

1. DURING MAY 20 CONVERSATION WITH JOHN LICHTBLAU, DIRECTOR OF PETROLEUM INDUSTRIES RESEARCH FOUNDATION, AND EMBOFF, ISRAELI ENERGY ADVISER ZVI DINSTEIN DISCUSSED RECENT DEVELOPMENTS IN ISRAELI OIL/ENERGY PICTURE. MAIN POINTS TO EMERGE FOLLOW (SEE SEPTEL ON SINAI OIL EXPLORATION).

2. EILAT-ASHKELON PIPELINE: OPENING OF SUEZ CANAL HAS NOT SERIOUSLY AFFECTED PIPELINE OPERATIONS. CURRENT CRUDE THROUGHPUT IS SIX HUNDRED THOUSAND BARRELS PER DAY (60 PERCENT OF CAPACITY), OF WHICH ONE HUNDRED FORTH THOUSAND BPD ARE FOR DOMESTIC CONSUMPTION AND REMAINDER FOR EXPORT. PIPELINE PRICES ARE SET AS PART OF ORIGIN-TO-DESTINATION PACKAGE DEAL, WITH SUPERTANKERS BRINGING CRUDE FROM IRAN TO EILAT, AND SMALLER TANKERS TAKING CRUDE FROM ASHKELON TO DESTINATION. PACKAGE PRICES VARY WITH WORLD SCALE RATINGS FOR TANKERS. ISRAEL IS ABLE TO SHIP IRANIAN OIL TO U.S. ON COMPETITIVE BASIS BECAUSE RETURNING TANKERS ARE BACKHAULING MEXICAN CRUDE FOR ISRAEL.

3. STORAGE: CURRENT PETROLEUM STORES WOULD LAST SEVEN MONTHS UNDER EMERGENCY MEASURES, THREE OR FOUR MONTHS AT CURRENT CONSUMPTION RATE. OF AMOUNTS STORED, FIFTY-FIVE PERCENT ARE REFINED PRODUCTS, THE REST CRUDE. ISRAEL HOPES TO INCREASE PERCENTAGE OF REFINED PRODUCTS TO SIXTY PERCENT OR EVEN TWO-THIRDS. ALTHOUGH ISRAEL HAS EXCESS REFINING CAPACITY, IT MUST BE ASSUMED THAT REFINERIES ARE INSECURE IN WARTIME.

4. ALTERNATE ENERGY SOURCES: BY 1979, ISRAEL PLANS TO HAVE FOUR NEW POWER STATIONS PRODUCING THREE HUNDERED FIFTY MEGAWATTS EACH. THESE WILL BE COAL-FUELED, WITH OPTION TO SWITCH TO OIL, AND WILL PROVIDE FORTH PERCENT OF DOMESTIC POWER NEEDS. (SOUTH AFRICA IS NOW QUOTING ISRAEL UNESCALATED PRICES FOR 1980 COAL SUPPLIES.) BY 1985, A 750-900 MEGAWATT NUCLEAR POWER STATION WILL FURNISH AN ADDITIONAL 25 PERCENT OF DOMESTIC NEEDS.

DUNNIGAN

CONFIDENTIAL

Reliable information on the destination of Iranian oil exports is generally difficult to obtain, but this is particularly the case when the destination is Israel. Iranian officials, very conscious of the possibility of needlessly antagonizing their Arab partners in OPEC, will normally not discuss oil exports to Israel.

Nevertheless, information from a variety of sources indicates that at least 75 percent of current Israeli domestic consumption of approximately 150,000 barrels per day is supplied by Iran. Moreover, the only oil that flows through the Trans-Israel Pipeline (Tipline) which runs northward from the Gulf of Agaba to the Mediterranean port of Ashkelon, is from Iran. Tipline was constructed during the late 1960's at a cost of over $200 million, and its current capacity is 45 million tons/year (about 850,000 barrels/day). During 1976, something on the order of 350,000 barrels per day of Iranian crude oil is thought to have been trans-shipped through Tipline for customers in Europe and beyond.

E/C:RMBash (11/17/76)

1978 JAN 25 PM 1:43

TELEGRAM

INDICATE
☐ COLLECT
☐ CHARGE TO

06901

FROM	CLASSIFICATION
AMEMBASSY TEHRAN	CONFIDENTIAL

E.O. 11652:
TAGS:
SUBJECT:

ACTION:

ACTION: SECSTATE WASHDC PRIORITY

FSE 2-4.1

INFO: AMEMBASSY TEL AVIV
AMEMBASSY AMMAN
AMEMBASSY CAIRO
AMEMBASSY BEIRUT
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY JIDDA

CONFIDENTIAL TEHRAN 06901

ECON5 ✓

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LIMDIS

E.O. 11652: GDS

TAGS: ENRG, US, IS

SUBJECT: STORY IN ARAB PRESS SERVICE RE IRAN'S CONSIDERING OIL EMBARGO AGAINST ISRAEL

1. BBC CORRESPONDENT HAS QUERIED US CONCERNING STORY APPEARING IN BEIRUT-BASED ARAB PRESS SERVICE AND ATTRIBUTED TO "SENIOR GOVERNMENT OFFICIAL IN JORDAN" TO EFFECT THAT IRAN IS SERIOUSLY CONSIDERING OIL EMBARGO AGAINST ISRAEL TO FORCE IT TO MAKE CONCESSIONS AND RESUME PEACE TALKS WITH EGYPT. STORY SAYS IRANIAN MOVE "MAY HAVE BLESSING OF THE UNITED STATES."

2. WE HAVE ADVISED BBC TO TREAT STORY WITH CAUTION, AND, ON UNATTRIBUTED BASIS, HAVE TOLD CORRESPONDENT WE HAVE NO RPT NO INDICATIONS IRAN HAS ANY SUCH PLAN. WE HAVE FURTHER SAID

DRAFTED BY:	DRAFTING DATE	TEL. EXT.	CONTENTS AND CLASSIFICATION APPROVED BY:
AMB:WHSullivan:pcw	1/25/78		AMB

CLEARANCES:

CONFIDENTIAL/LIMDIS
CLASSIFICATION

50153-101

OPTIONAL FORM 18
(Formerly FS-413
January 1973
Dept. of State

THAT REPORT OF "U.S. BLESSING" IS ENTIRELY WITHOUT FOUNDATION.

3. IN DISCUSSING REPORT WITH SENIOR NIOC OFFICIAL JANUARY 25, EMBOFF RECEIVED CURIOUSLY NONCOMMITTAL REACTION, WHICH PROBABLY REFLECTS ABSENCE OF IMPERIAL GUIDANCE, RATHER THAN ANYTHING ELSE.

4. HOWEVER, IT SHOULD BE POINTED OUT THAT SHAH, DURING VISIT OF CODEL ZABLOCKI, ANSWERED QUESTION FROM CONGRESSWOMAN MEYNER ON THIS SUBJECT. SHAH DEFTLY TURNED QUESTION ASIDE BY SAYING THAT HE WOULD HAVE TO CONSULT CLOSELY WITH USG IN ANY MATTERS WHICH MIGHT INVOLVE THE USE OF PRESSURE, SINCE HE WOULD WANT TO BE SURE THAT IRAN'S POLICY WITH RESPECT TO OIL FOR ISRAEL CONFORMED CLOSELY WITH RK U.S. POLICY WITH RESPECT TO ARMS FOR ISRAEL.

5. IT IS POSSIBLE THAT A GARBLED VERSION OF THIS COMMENT MAY HAVE REACHED JORDAN WHERE IT HAS BEEN REFRACTED THROUGH BEDOUIN PRISMS.

SULLIVAN

SECRET

5.

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DE RUEHC #4567 2731308
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FM SECSTATE WASHDC
TO RUQMHR/AMEMBASSY TEHRAN 6866
INFO RUSBTV/AMEMBASSY TEL AVIV 6787
BT
S E C R E T STATE 244567

ACTION:
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E.O. 11652: XGDS2, 3

TAGS: PINR, IS, IR

SUBJECT: BIOGRAPHIC INFORMATION ON NEW ISRAELI CHIEF OF MISSION IN IRAN, JOSEPH HERMELIN

REF: TEHRAN 6652

1. THE INFORMATION CONTAINED IN PARAGRAPHS 3 AND 4 MAY NOT BE RELEASED TO FOREIGN NATIONALS. (U)

2. JOSEPH HERMELIN IS A FORMER HEAD OF SHIN BETH, ISRAEL'S SECURITY SERVICE, SERVING IN THAT POST FROM 1964 TO 1974. SINCE HIS RETIREMENT FROM SHIN BETH HE HAS WORKED AS HEAD OF A SUBSIDIARY OF THE MEKOROT CONSTRUCTION AND DEVELOPMENT COMPANY. (C)

3. BORN APRIL 19, 1922 IN VIENNA, HERMELIN EMIGRATED TO PALESTINE AT 15. HE SERVED IN THE BRITISH ARMY IN WORLD WAR II, THEN JOINED THE PRE-INDEPENDENCE JEWISH UNDERGROUND MOVEMENT HAGANAH. HE WAS A MAJOR IN THE ISRAEL DEFENSE FORCES DURING THE 1948 ARAB-ISRAELI WAR. AFTER JOINING SHIN BETH IN 1949, HE WORKED HIS WAY UP TO DEPUTY CHIEF BY 1960. HE REMAINED IN THAT POST UNTIL HE WAS APPOINTED CHIEF IN 1964. (S/NOFORN)

4. MARRIED TWICE, HERMELIN HAS AT LEAST FOUR CHILDREN. HE HAS TRAVELED ABROAD EXTENSIVELY IN CONNECTION WITH HIS DUTIES AS CHIEF OF SHIN BETH, INCLUDING TRIPS TO THE UNITED STATES. HE IS CONSIDERED A COMPETENT, IMPRESSIVE AND MODEST MAN. HE SPEAKS ENGLISH, GERMAN, FRENCH AND ARABIC. (S/NOFORN)

5. THE DEPARTMENT WOULD APPRECIATE ANY ADDITIONAL BIOGRAPHIC INFORMATION, INCLUDING PHOTOGRAPHS, THAT BECOMES AVAILABLE ON HERMELIN DURING HIS ASSIGNMENT IN IRAN, AS WELL AS EVALUATIVE COMMENTS ON HIS PERFORMANCE.

(LOU) CHRISTOPHER
BT

SECRET

[illegible]

[illegible]

[illegible]

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S E C R E T SECTION 01 OF 03 STATE 106750/01

LIMDIS, INFORM CONSULS

E.O: 12065 RDS-1, 5/23/85 (MULTIPLE SOURCES)

TAGS:ASEC, PINS

SUBJECT: (U) PALESTINIAN TERRORISM THREAT ASSESSMENT

REF: (A) STATE 78004 (B) STATE 91758

FOR PRINCIPAL OFFICERS AND RSOS ONLY; CIA HQ FOR DDO/ITG

WARNING NOTICE-INTELLIGENCE SOURCES AND METHODS INVOLVED NOT RELEASABLE TO FOREIGN NATIONALS//NOT RELEASABLE TO CONTRACTORS OR CONTRACTOR/CONSULTANTS//DISSEMINATION AND EXTRACTION OF INFORMATION CONTROLLED BY ORIGINATOR

(U) BEGIN SUMMARY. FOLLOWING A PERIOD OF OVERT PROTEST, OPPOSITION TO THE EGYPT-ISRAEL TREATY HAS SHIFTED TO TERRORIST TACTICS. OPERATIONS HAVE EMPHASIZED CASUALTIES IN QUANTITY IN ISRAEL, EGYPT, AND IN EUROPE. SYRIAN-AFFILIATED SAIQA AND FATAH HAVE BEEN MOST ACTIVE TO DATE. U.S. TARGETING SHOULD BE ANTICIPATED, ESPECIALLY IN EUROPE. ATTACKS AGAINST THE PUBLIC IN AIRPORTS, HOTEL LOBBIES AND SUCH APPEAR LIKELY. MAIL HANDLING PRECAUTIONS ARE ADVISABLE IN LIGHT OF RECENT TREATY-RELATED PARCEL BOMB INCIDENTS. END SUMMARY. (GDS--4/24/85)

1. (U) REFTELS PROVIDED COMPILATIONS OF TREATY-RELATED INCIDENTS DIRECTED AT ISRAELI, EGYPTIAN, AND U.S. TARGETS WORLDWIDE IN CONJUNCTION WITH THE MARCH 26 SIGNING CEREMONIES IN WASHINGTON. MOST OF THE ACTIVITIES RECORDED IN THE FIRST TWO WEEKS FOLLOWING THE SIGNING INVOLVED OVERT PROTESTS WHICH WERE EITHER ORCHESTRATED BY ARAB GOVERNMENTS OR BY ARAB COMMUNITIES IN NON-ARAB CAPITALS (PARTICULARLY IN COMMUNIST-ALLIED STATES). ALL WERE ESSENTIALLY NON-VIOLENT AND CONTAINED. AS IS THE CASE FOLLOWING MANY DIPLOMATIC INITIATIVES, THE OVERT OPPOSITION TO CAMP DAVID ACTIVITY AND THIS ONE HAS ALSO APPEARED TO HAVE RUN ITS COURSE. (GDS--4/24/85)

[redacted]

DAVID, THIS PROVING TO PUBLIC OPINION [redacted]
PALESTINIAN TERROR. TO ATTACK THE [redacted]
CAMP SHOULD PARTICIPATE WITH [redacted]
OPERATIONS. IRAQ AND SYRIA [redacted]
AS APPEARS AS FAILURE [redacted]
THE OUTCOME OF THE PEACE PROCESS, [redacted]
TO COMMIT OPERATIONS SINCE STRIKING BLOWS [redacted]
ABOVE, ENDANGERING THE ISRAELI DELEGATIONS. FOLLOWING
THE RECENT BAGHDAD SUMMIT, ARAFAT WAS DISAPPOINTED BUT
DOUBTLESS NOT OVERLY SURPRISED AT ARAB UNWILLINGNESS TO
REVOKE ECONOMIC SANCTIONS AGAINST EGYPT. THROUGHOUT THE MONTH OF MARCH, TERRORIST
MOVEMENTS IN NORTH AFRICA AND EUROPE WERE BEING REPORTED,
AS PRE-OPERATIONAL PLANNING, TARGET SELECTION, AND
SURVEILLANCE APPEARED TO BE UNDER WAY. (HDS-1--3/27/85)

4. (S/NOFORN/NOCONTRACT/ORCON) THE TERRORIST ACTIVITIES
AND OFFENSIVE OPERATIONS IN RECENT DAYS LEAD ONE TO
CONCLUDE THAT A FURTHER SERIES OF ARAB TERRORIST ATTACKS
CAN BE ANTICIPATED. SINCE MID-MARCH THE SYRIAN-BACKED
ABU NIDAL ORGANIZATION HAS PLANNED AN OPERATION IN PARIS
DESIGNED TO HIT HOTELS OR RESTAURANTS FREQUENTED BY
ISRAELI OR JEWISH PATRONS. ON MARCH 17, A BOMB PLACED
IN A PARIS RESTAURANT WHICH CATERS TO JEWISH DINERS
INJURED FOUR INNOCENT BYSTANDERS. THE ACT
WAS CLAIMED IN PARIS BY AN ENTITY IDENTIFYING ITSELF AS
A FRANCO OPPOSITION GROUP AND SEPARATELY IN BEIRUT BY
THE "EAGLES OF THE REVOLUTION," WHICH IS A SAIKA
DESIGNATION. SAIKA MID-FEBRUARY BOMB IS ALSO CREDITED
WITH AS MANY AS FOUR SUICIDE OR ATTEMPTS INSIDE EGYPT.
THESE INCLUDE THE FEBRUARY 14 BOMBING OF THE SHERATON
HOTEL IN CAIRO AS WELL AS TWO COORDINATED OPERATIONS--TO
BOMB THE FOREIGN MINISTRY TARGETED MINISTER OF STATE
FOR FOREIGN AFFAIRS BUTROS GHALI AND A SECOND PLOT TO
DYNAMITE THE SHERATON IN CAIRO AS WELL AS OTHER MASS
CASUALTIES AT ANOTHER UNSPECIFIED CROWD LOCATION. THE
FOURTH, CLAIMED BY "EAGLES OF THE REVOLUTION," KILLED A
CUSTOMS WORKER IN CAIRO ON APRIL 19. (HDS-1,2--3/13/85)

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S E C R E T SECTION 02 OF 03 STATE 035756/02

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3. (C) SIMILAR INTENTIONS TO INFLICT MASS CASUALTIES WERE APPARENTLY APPARENT IN RECENT OPERATIONS DIRECTED AGAINST ISRAEL--BOTH IN-COUNTRY AND IN THE APRIL 10 BRUSSELS AIRPORT ATTACK. SINCE JANUARY THE NUMBER OF TERRORIST INCIDENTS OR ATTEMPTS IN ISRAEL UP UNTIL APRIL 17 COUNTED 43 COMPARED WITH ONLY 15 IN THE LAST QUARTER OF 1973. REFTELS REFLECTED ON THE RECENT BOMBINGS IN MARKET AND OTHER PUBLIC PLACES IN LOD, JERUSALEM, AND TEL AVIV. (REFTEL B ERRONEOUSLY LISTED CAFFEL MARKET IN JERUSALEM RATHER THAN TEL AVIV). BESIDES THOSE ATTACKS, ISRAELI FORCES HAVE NEUTRALIZED SEVERAL PALESTINIAN COMMANDO TEAMS ENGAGED IN INFILTRATIONS FROM LEBANON OVERLAND AND BY SEA. EACH OF THESE TEAMS, BASED ON THEIR WEAPONRY AND APPARENT TARGETING, WAS INTENT ON SIMPLY CREATING AS MUCH HAVOC AND DESTRUCTION AS POSSIBLE WHILE WITHIN ISRAEL AND STILL CAPABLE OF OPERATING. FATAH WAS THE APPARENT INSTIGATOR OF THESE ATTACKS. ALTHOUGH THE APRIL 11 NAHARIYA ATTACK WHICH LEFT FOUR ISRAELIS AND TWO OF THE FOUR TERRORISTS DEAD, HAS BEEN ATTRIBUTED TO A SPLINTER FACTION OF THE REJECTIONIST FRONT. (CONFIDENTIAL)

4. (C) THE APRIL 10 AIRPORT ATTACK IN BRUSSELS, DESIGNED TO KILL ARRIVING ISRAELI PASSENGERS, HAS ALL THE OPERATIONAL HALLMARKS OF A PFLP (POPULAR FRONT FOR THE LIBERATION OF PALESTINE) OPERATION. FATAH TO THOSE AIRPORT ATTACKS PREVIOUSLY PERPETRATED AT LOD (MAY 1972), PARIS' ORLY, YESILKOY IN ISTANBUL, AND ATHENS. THIS GROUP HAS SPECIALIZED IN HIJACKINGS AND AIRPORT ASSAULTS AND HAS MADE EXTENSIVE USE OF GRENADES AND AUTOMATIC WEAPONS IN VIRTUALLY EVERY SUCH INSTANCE. AGAIN THE OPERATION'S INTENT WAS A LARGE NUMBER OF VICTIMS TO MAXIMIZE HORROR AND GAIN ATTENTION. USE OF THE DESIGNATION "BLACK SEPTEMBER" IS A THIN VEIL FOR FATAH OR THE PLO TO USE IN CREATING PLAUSIBLE DENIAL OF CULPABILITY. OTHER INDICATIONS, CALLED ON THE TERRORISTS' ORIGINS, POINT TO FATAH. (CONFIDENTIAL)

7. (C) IT WOULD BE A MISTAKE TO CONCLUDE FROM THE FOREGOING THAT THE PALESTINIANS HAVE FINALLY COORDINATED THEIR TERRORIST OPERATIONS AND HAVE LAUNCHED A DIVISION OF LABOR. SALIM, PFLP, FATAH'S ISLAMIC, AND EVEN BLACK JUNE ALL ARE CAPABLE OF INDEPENDENT OPERATIONS AGAINST ELITE TARGETS WITHOUT A PREREQUISITE ESTABLISHMENT OF ~~SOME KIND OF PALESTINIAN COALITION~~. IT IS UNREALISTIC TO IGNORE THE TRUTH OF THE PLO'S USE OF PUBLIC DENIALS AND TERRORISM CONDEMNATIONS AS A MECHANISM SEEKING TO DIVORCE THE UMBRELLA GROUP'S "GOOD NAME" FROM TERRORIST ACTS WHICH ITS MEMBER ELEMENTS PERFORM. THIRDLY, THE LACK OF ANTI-U.S. ACTIONS AND OF INDIVIDUALLY TARGETED OPERATIONS (EXCEPTING THAT AGAINST BOUTROS GHALI) THUS FAR, SHOULD NOT LEAD ANYONE TO ASSUME THERE IS LESS DANGER TO U.S. INTERESTS AND PERSONNEL IN THIS NOW APPARENTLY SUASCONING CAMPAIGN. (GDS--4/24/85)

8. (C) LETTER AND PARCEL BOMBS HAVE EXPLODED IN FRANKFURT (DESTINED FOR ISRAEL) AND ON APRIL 19 IN CAIRO'S MAIN POST OFFICE. BOTH CAUSED SEVERE INJURIES, FATAL IN THE CASE OF A FEMALE EGYPTIAN CUSTOMS OFFICIAL. THE LAST MAJOR LETTER BOMB CAMPAIGN WAS A LARGE-SCALE BLACK SEPTEMBER OPERATION DURING 1972 AGAINST ISRAELI OFFICIALS AND JEWISH-OWNED FIRMS. (GDS--4/24/85)

9. (S/NOFORN/NOCONTRACT/ORCON) PALESTINIAN TERRORIST THREATS HAVE BEEN REPORTED AGAINST U.S. BUSINESS INTERESTS IN EUROPE IN GENERAL AND AGAINST THE U.S. AMBASSADOR IN BEIRUT. THERE HAS BEEN SOME DISCUSSION AMONG ARAB

TERRORISTS OF HITTING PETROLEUM TARGETS, WHICH ALSO HAS A BLACK SEPTEMBER PRECURSOR IN THEIR STORAGE AND REFINERY FACILITY ASSAULTS OF 1971 IN GERMANY AND THE NETHERLANDS. THE MARCH 27 ATTACK AGAINST THE EGYPTIAN AMBASSADOR IN DACCA AND HIS SEVERAL HOURS SPENT AS A HOSTAGE DOES NOT APPEAR TO HAVE BEEN THE WORK OF PALESTINIAN TERRORISTS BELONGING TO A COMPETENT OPERATIONAL GROUP BUT IS LAID TO STUDENTS IN THE BANGLADESH CAPITAL. PALESTINIAN THREAT INDICATIONS INVOLVING SENIOR AMERICAN OFFICIALS IN TWO SOUTH ASIAN CAPITALS HAVE EMANATED IN PART FROM MOST NATION CONJECTURE OR HAVE LACKED SUFFICIENT SUBSTANCE FOR ANALYSIS TO GAUGE THEIR POTENTIAL. UPGRADED SECURITY PROCEDURES AND ADDITIONAL RESOURCES HAVE BEEN APPLIED IN BOTH OF THOSE CASES IN THIS PERIOD OF HEIGHTENED CONCERN FOR SECURITY AROUND THE GLOBE. (GDS-E--4/19/85)

10. (C) THE DEPARTMENT REMAINS ALERT TO ANY AND ALL INTELLIGENCE POINTING TO

13. (C) THE DEPARTMENT REMAINS ALERT TO ANY AND ALL INTELLIGENCE POINTING UP POSSIBLE THREATENING SITUATIONS AND IS RELUCTANT TO ISSUE SPECIFIC SECURITY ADVISORIES OF A NON-SPECIFIC NATURE. IN THIS REGARD IT APPEARS VERY LIKELY THAT PALESTINIAN TERRORIST OPERATIONS INTO BOTH ISRAEL AND SINAI WILL CONTINUE TO BE CONDUCTED. EUROPE, BOTH OF THESE NATIONS AS WELL AS THE UNITED STATES ARE LIKELY TARGETS FOR ATTACK, ESPECIALLY IN FLIGHT. ASSAULTS ON OFFICIAL FACILITIES OR PERSONNEL APPEAR MORE PROBABLE THAN DO OPERATIONS AGAINST THE PRIVATE SECTOR, EXCEPTING THE AIRLINE INDUSTRY. U.S. PERSONNEL RESIDING IN OR TRAVELING IN EUROPE OR THE MIDDLE EAST SHOULD BE MINDFUL OF THE PREVIOUS

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S E C R E T FINAL SECTION OF 03 STATE 140756/03

E.O. 12065, IMPDET 3/28/85

PALESTINIAN TERRORIST OPERATIONS IN EUROPE CONTINUE UNDIMINISHED. TERRORISTS INDISCRIMINATELY ATTACK CROWDS IN AIRPORT TRANSIT LOUNGES AND BOARDING GLASS AREAS, HOTEL LOBBIES, AND OTHER PLACES WHERE LARGE NUMBERS OF PEOPLE ARE ASSEMBLED. THEY HAVE ROUTINELY USED MACHINE GUNS, GRENADES, AND OFTEN INDISCRIMINATELY EXPLOSIVES IN SUCH ASSAULTS. IT SEEMS TO MOST PROBABLE THAT ALL TRAVELERS TO EUROPE WILL BE SUBJECTED TO MORE THOROUGH AND NECESSARY PRECAUTIONS TO BE EMPLOYED WITH SUSPICIOUS MAIL OR PARCELS. MAIL HANDLERS PARTICULARLY SHOULD BE FAMILIARIZED WITH LETTER AND PARCEL BOMB IDENTIFICATION AND HANDLING PROCEDURES. (DOD--3/28/79) VANCE

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RUQMGU/AMEMBASSY ANKARA PRIORITY 9080
RUQMAT/AMEMBASSY ATHENS PRIORITY 2181
RUEHAD/USINT BAGHDAD PRIORITY 0948
RUESUZ/AMEMBASSY BRASILIA PRIORITY 7680
RUESBA/AMEMBASSY BUENOS AIRES PRIORITY 4479
RUEHEG/AMEMBASSY CAIRO PRIORITY 9168
RUESRS/AMEMBASSY CARACAS PRIORITY 6058
RUQMOD/AMEMBASSY DOHA PRIORITY 9372
RUEHJM/AMCONSUL JERUSALEM PRIORITY 0869
RUQMKW/AMEMBASSY KUWAIT PRIORITY 7023
RUDTC/AMEMBASSY LONDON PRIORITY 2176
RUFHMD/AMEMBASSY MADRID PRIORITY 6145
RUQMAM/AMEMBASSY MANAMA PRIORITY 4478
RUEHME/AMEMBASSY MEXICO PRIORITY 1235
RUQMDI/AMEMBASSY MOGADISCIO PRIORITY 4634
RUEHMO/AMEMBASSY MOSCOW PRIORITY 2647
RUQMMT/AMEMBASSY MUSCAT PRIORITY 7811
RUQMQG/AMEMBASSY NICOSIA PRIORITY 6454
RUFHOK/AMEMBASSY NOUAKCHOTT PRIORITY 7579
RUFNPS/AMEMBASSY PARIS PRIORITY 2277
RUDKBT/AMEMBASSY RABAT PRIORITY 1547
RUQMHR/AMEMBASSY TEHRAN PRIORITY 2229
RUEHTV/AMEMBASSY TEL AVIV PRIORITY 3073
RUQMTI/AMEMBASSY TRIPOLI PRIORITY 8637
RUDKKR/AMEMBASSY TUNIS PRIORITY 3024
RUQMNS/AMEMBASSY SANA PRIORITY 3635
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RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2102
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S E C R E T SECTION 01 OF 04 STATE 116788/01

E.O. 12065 GDS 5/8/85 (GRIFFIN, PHILIP J.)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 886 - MAY 8, 1979

LONDON FOR CLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR KANSON
OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHODS INVOLVED
NOT RELEASABLE TO FOREIGN NATIONALS

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1. (C) SAAD HADDAD'S DECLARATION OF "FREE LEBANON" IN HIS SOUTHERN ENCLAVE, THE INTEREST OF OTHER RIGHTWING GROUPS IN PARTITION, AND ISRAEL'S STATED INTENTION TO STRIKE AT WILL AT PALESTINIAN AND OTHER TARGETS IN LEBANON HAVE SET IN MOTION A CHAIN OF EVENTS THAT IS LIKELY TO LEAD TO GREATER VIOLENCE IN LEBANON.

2. (C) SINCE HADDAD'S DECLARATION, THE CHAMOUN AND GEMAYEL CLANS SEEM TO HAVE INTENSIFIED THEIR COMPETITION FOR THE SUPPORT OF THE CHRISTIAN HARDLINERS. CAMILLE CHAMOUN'S INITIAL ENDORSEMENT OF HADDAD'S ACTION HAS BEEN UNDERLINED BY THE THREAT OF CHAMOUN'S SON DORY TO SEPARATE THE CHRISTIAN HEARTLAND FROM THE REST OF THE COUNTRY. SPEAKING TO HIS PARTY'S PUBLICATION, THE YOUNGER

CHAMOUN SAID THAT CHRISTIANS COULD NO LONGER TOLERATE "THE LAW OF THE JUNGLE" IN LEBANON. DORY CHAMOUN SAID THAT HIS PARTY WOULD PREFER TO COOPERATE WITH THE GOVERNMENT "BUT SHOULD THIS PROVE TO BE IMPOSSIBLE THEN IMPOSING OUR OWN AUTHORITY BECOMES INEVITABLE.... SHOULD THE ABSENCE OF THE LEGITIMATE AUTHORITIES CONTINUE THE DAY WILL COME WHEN WE WILL PREPARE AND PROCLAIM OUR OWN ORGANS." HE ADDED THAT NATIONAL RECONCILIATION COULD BE ACHIEVED ONLY AFTER SYRIAN TROOPS LEAVE THE COUNTRY. SUCH STATEMENTS INCREASE THE CHANCES FOR CLASHES BETWEEN THE MILITIAS ON ONE HAND, AND THE SYRIANS AND THE NASCENT LEBANESE ARMY ON THE OTHER.

3. (C) THE CONTINUING ISRAELI RAIDS ON LEBANON -- THREE ON SUNDAY AND MONDAY -- HAVE GREATLY EMBARRASSED THE LEBANESE GOVERNMENT AND THE SYRIANS. ON MAY 6, THE ISRAELIS BROKE A UNIFIL-INSTITUTED CEASEFIRE, IN EFFECT SINCE APRIL 26, BY MOUNTING AIR RAIDS ON THE NAHR AL-BARID CAMP AND ITS ENVIRONS NORTH OF TRIPOLI.

(A) EMBASSY BEIRUT REPORTS THAT, ACCOUNDING TO ALL LEBANESE SOURCES, THE ISRAELI PLANES STRUCK THE LEBANESE VILLAGE OF AL-MUHAMMARAH, 2 KM. FROM THE CAMP. AP REPORTS THAT OF 100 GUESTS AT A WEDDING PARTY, SIX WERE KILLED (FIVE FROM ONE FAMILY INCLUDING AN INFANT) AND ANOTHER 30 WOUNDED.

(B) A RIGHTWING LEBANESE RADIO STATION REPORTED THAT ISRAELI PLANES RAIDED A PALESTINIAN POSITION AT JAL AL-BAHR JUST NORTH OF TYRE. ACCORDING TO THE REPORT, 11 PERSONS, MOSTLY LEBANESE, WERE KILLED.

(C) ON MAY 7 THE IDF ANNOUNCED A RAID ON THE LEBANESE VILLAGE OF AL-RAYHAN 11 KM. NORTH OF THE ISRAELI BORDER VILLAGE OF METULLA.

(D) AN ISRAELI SOURCE TOLD OUR DEFENSE ATTACHE THAT THE PLANES DESTROYED PALESTINIAN GUN EMPLACEMENTS, ALTHOUGH HE ADMITTED THAT THE PALESTINIANS HAD NOT BEEN FIRING RECENTLY ON THE ISRAELIS OR HADDAD'S ENCLAVES.

4. (C) ACCORDING TO UNRWA OFFICIALS, MOST OF THE

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RUQMGU/AMEMBASSY ANKARA PRIORITY 9081
RUQMAT/AMEMBASSY ATHENS PRIORITY 2182
RUEHAD/USINT BAGHDAD PRIORITY 0949
RUESUZ/AMEMBASSY BRASILIA PRIORITY 7681
RUESBA/AMEMBASSY BUENOS AIRES PRIORITY 4480
RUEHEG/AMEMBASSY CAIRO PRIORITY 9169
RUESRS/AMEMBASSY CARACAS PRIORITY 6059
RUQMOD/AMEMBASSY DOHA PRIORITY 9373
RUEHJM/AMCONSUL JERUSALEM PRIORITY 0870
RUQMKW/AMEMBASSY KUWAIT PRIORITY 7024
RUDTC/AMEMBASSY LONDON PRIORITY 2177
RUFHMD/AMEMBASSY MADRID PRIORITY 8146
RUQMAM/AMEMBASSY MANAMA PRIORITY 4479
RUEHME/AMEMBASSY MEXICO PRIORITY 1236
RUQMDI/AMEMBASSY MOGADISCIO PRIORITY 4635
RUEHMO/AMEMBASSY MOSCOW PRIORITY 0648
RUQMMT/AMEMBASSY MUSCAT PRIORITY 7812
RUQMQG/AMEMBASSY NICOSIA PRIORITY 6455
RUFHOK/AMEMBASSY NOUAKCHOTT PRIORITY 7580
RUFNPS/AMEMBASSY PARIS PRIORITY 2278
RUDKBT/AMEMBASSY RABAT PRIORITY 1548
RUQMHR/AMEMBASSY TEHRAN PRIORITY 2230
RUEHTV/AMEMBASSY TEL AVIV PRIORITY 3074
RUQMTI/AMEMBASSY TRIPOLI PRIORITY 8638
RUDKKR/AMEMBASSY TUNIS PRIORITY 3025
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PALESTINIANS RESIDING IN THE LARGE REFUGEE CAMPS AROUND TYRE IN SOUTHERN LEBANON HAVE BEEN FORCED TO GO ELSEWHERE AS THE RESULT OF THE ISRAELI BOMBARDMENT OF THE AREA. IN ONE LARGE CAMP ONLY TEN FAMILIES REMAIN WHILE IN THE OTHER TWO 5 AND 20 PERCENT REMAIN. MOST OF THOSE DISPLACED HAVE CROWDED INTO SIDON FARTHER NORTH. THEY OCCUPY SCHOOLS, WAREHOUSES AND ANY OTHER EMPTY BUILDING THEY CAN FIND. THEY HAVE BEEN JOINED BY SOME 7,000 ADDITIONAL PALESTINIANS FROM THE NABATIYAH AREA. THE PLO TRIES TO PRESSURE REFUGEES INTO RETURNING TO THEIR CAMPS AS SOON AS POSSIBLE AND THUS DISCOURAGES UNRWA FROM PROVIDING SOME EMERGENCY SERVICES TO THE NEWLY DISPLACED IN SIDON. THE PALESTINIANS ARE RELUCTANT TO RETURN, ;OWEVER; THEIR CAMPS ARE REPEATEDLY SHELLED.

. (C) THE EGYPTIAN MEDIA ARE TAUNTING ASSAD FOR HIS
NACTION AND ACCUSING HIM OF COLLUDING IN THE DESTRUCTION
F THE PALESTINIANS IN LEBANON. ASSAD, FOR HIS PART,
AS LONG TRIED TO AVOID A DIRECT CLASH WITH THE ISRAELIS.
OWEVER, THE SITUATION IS EMBARRASSING TO HIM, AND
RESSURES FOR A SYRIAN RESPONSE ARE LIKELY TO MOUNT IF
HE ISRAELI RAIDS CONTINUE.

. (U) ACCORDING TO PRIME MINISTER BEGIN, ISRAEL WILL
ONTINUE TO STRIKE AT PALESTINIAN TARGETS IN LEBANON.
N A MAJOR SPEECH ON LEBANON AND THE PALESTINIANS TO
HE KNESSET ON MAY 7, BEGIN SAID, "WE WILL STRIKE BACK AT
HESE MURDERERS WHEREVER POSSIBLE, ANY PLACE, WITH ALL
UR MIGHT.... WE WILL STRIKE THEM TO DEMOLISH THEM,
E WILL SCATTER THEM AND DRIVE THEM AWAY, THESE ENEMIES
F MANKIND COMMANDED BY THE PALESTINIAN IDI AMIN, YASER
RAFAT." HE ALSO CALLED ON SYRIA TO REMOVE ITS FORCES
ROM LEBANON AND FOR PRESIDENT SARKIS TO MEET WITH HIM
O SIGN A PEACE TREATY, SAYING THAT ISRAEL HAD NO
ERRITORIAL CLAIMS ON LEBANON. BEGIN CONTINUED TO
OICE SUPPORT FOR HADDAD, CALLING HIM A "LEBANESE PATRIOT."

. (C) IN OTHER DEVELOPMENTS THREATENING TO REIGNITE
AJOR FIGHTING IN LEBANON:

A) BLOODLETTING BETWEEN PHALANGISTS AND FRANJIEH'S
UPPORTERS IN NORTH LEBANON IS CAUSING FURTHER POPULATION
RANSFERS AND IS CUTTING OFF THE SHIPMENT OF FUEL FROM
RIPOLI'S REFINERY TO BEIRUT. THREE FRANJIEH SUPPORTERS
ROM TRIPOLI WERE FOUND DEAD ALONG THE BEIRUT-TRIPOLI
OAD NEAR A STRETCH WHERE THE PHALANGISTS MAINTAIN
OADBLOCKS. FUEL TRUCK DRIVERS ARE REFUSING TO TRAVEL
O BEIRUT. A NUMBER OF PERSONS FROM THE JBAIL AREA
BYBLOS), A TRADITIONAL STRONGHOLD OF RAYMOND EDDE, HAVE
LED NORTHWARD.

(B) SYRIAN TROOPS REPORTEDLY USED HEAVY WEAPONS AGAIN
N SUNDAY IN RESPONDING TO SNIPER FIRE IN VARIOUS AREAS
F BEIRUT. THE SYRIANS, HOWEVER, CONTINUE TO SHOW
NTEREST IN REDUCING THEIR PRESENCE IN THE BEIRUT AREA.
HE FORTHCOMING SARKIS-ASSAD MEETING MAY CLARIFY THE ISSUE.

(C) AN ARMED PALESTINIAN WAS TAKEN BY LEBANESE SOLDIERS
FROM A BUS ON SUNDAY. THE INCIDENT RESULTED IN A BRIEF
BUT VIOLENT CLASH BETWEEN PALESTINIANS AND LEBANESE ARMY
TROOPS IN THE BAALBEK AREA. SYRIAN FORCES REPORTEDLY
INTERVENED TO STOP THE FIGHTING.

8. (U) ISRAEL: JERUSALEM WAS ONE OF THE TOPICS OF
BEGIN'S MAY 7 SPEECH BEFORE THE KNESSET. EMBASSY TEL AVIV
REPORTS THAT THE PRIME MINISTER SAID: "THERE IS NO NEED
TO LIBERATE JERUSALEM. IT HAS ALREADY BEEN LIBERATED."
BEGIN REFERRED TO AN EGYPTIAN DOCUMENT PRESENTED TO
WALDHEIM REGARDING THE RESTORATION OF "ARAB JERUSALEM TO
ARAB SOVEREIGNTY" AND SAID HE HAD INSTRUCTED AMBASSADOR
BLUM TO REPLY THAT:
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RUQMGU/AMEMBASSY ANKARA PRIORITY 9082
RUQMAT/AMEMBASSY ATHENS PRIORITY 2183
RUEHAD/USINT BAGHDAD PRIORITY 0950
RUESUZ/AMEMBASSY BRASILIA PRIORITY 7682
RUESBA/AMEMBASSY BUENOS AIRES PRIORITY 4461
RUEHEG/AMEMBASSY CAIRO PRIORITY 9170
RUESRS/AMEMBASSY CARACAS PRIORITY 6656
RUQMOD/AMEMBASSY DOHA PRIORITY 9374
RUEHJM/AMCONSUL JERUSALEM PRIORITY 0671
RUQMKW/AMEMBASSY KUWAIT PRIORITY 7025
RUDTC/AMEMBASSY LONDON PRIORITY 2178
RUFHMD/AMEMBASSY MADRID PRIORITY 8147
RUQMAM/AMEMBASSY MANAMA PRIORITY 4480
RUEHME/AMEMBASSY MEXICO PRIORITY 1237
RUQMDI/AMEMBASSY MOGADISCIO PRIORITY 4636
RUEHMO/AMEMBASSY MOSCOW PRIORITY 0649
RUQMMT/AMEMBASSY MUSCAT PRIORITY 7813
RUQMQG/AMEMBASSY NICOSIA PRIORITY 6456
RUFHOK/AMEMBASSY NOUAKCHOTT PRIORITY 7581
RUFNPS/AMEMBASSY PARIS PRIORITY 2279
RUDKBT/AMEMBASSY RABAT PRIORITY 1549
RUQMHR/AMEMBASSY TEHRAN PRIORITY 2231
RUEHTV/AMEMBASSY TEL AVIV PRIORITY 3075
RUQMTI/AMEMBASSY TRIPOLI PRIORITY 8659
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(A) JERUSALEM IS AND WILL REMAIN FOREVER ONE INDIVISIBLE CITY, THE ETERNAL CAPITAL OF ISRAEL.

(B) JEWS, CHRISTIANS AND MUSLIMS WILL BE ASSURED FREE ACCESS TO THEIR HOLY PLACES UNDER ISRAELI JURISDICTION; ACCESS TO THEIR HOLY PLACES UNDER ISRAELI JURISDICTION; SUCH ACCESS HAVING BEEN DENIED TO JEWS UNDER 19 YEARS OF JORDANIAN "OCCUPATION."

9. (U) ON MAY 7 THE ISRAELI MEDIA CONCENTRATED ON AUTONOMY AND RELATED ISSUES. TWO PAPERS REPORT THAT AMBASSADOR STRAUSS' DECISION TO ACCELERATE HIS SCHEDULE IS BECAUSE PRESIDENT CARTER WANTS TO EASE HOSTILE ARAB REACTION TO THE TREATY. SEVERAL PAPERS REPORT AGREEMENT ON THE COMPOSITION OF THE STRAUSS DELEGATION AFTER AN ON THE COMPOSITION OF THE STRAUSS DELEGATION AFTER AN EARLIER DISPUTE WITHIN THE ADMINISTRATION. THE JERUSALEM POST REPORTS "BEGIN'S INSISTENCE ON PUBLICLY REITERATING

THE DETAILS OF HIS CONCEPT OF AUTONOMY...OUT OF CONSIDERATIONS OF A DOMESTIC POLITICAL NATURE."

10. (U) THE ISRAELI PAPER YEDIOT AHARANOT PUBLISHED THE NAMES OF 65 ARAB GUERRILLAS RELEASED TWO MONTHS AGO IN AN EXCHANGE FOR AN ISRAELI SOLDIER. THE ISRAELI PRESS SPECULATED THAT THE PUBLICATION OF THE NAMES WOULD LIKELY CAUSE TROUBLE FOR THE BEGIN GOVERNMENT BECAUSE OF THE INVOLVEMENT OF SOME OF THE GUERRILLAS IN CERTAIN INCIDENTS SUCH AS HIJACKINGS.

11. (U) IN THE MOST RECENT GIVE AND TAKE ON WHAT AUTONOMY REALLY MEANS, AN ISRAELI GOVERNMENT SPOKESMAN SAID THERE IS NO BASIS TO THE EGYPTIAN STATEMENT THAT THE PEACE AGREEMENT REQUIRES TOTAL ISRAELI WITHDRAWAL FROM OCCUPIED ARAB TERRITORIES. "FURTHERMORE," THE SPOKESMAN SAID, "THE ACCORDS WITH EGYPT PROVIDED THAT THE ISRAELI DEFENSE FORCES WILL REMAIN AT AGREED POINTS AFTER PULLING BACK FROM THEIR PRESENT POSITIONS IN SAMARIA, JUDEA AND GAZA."

12. (C) EGYPT-ARAB STATES: AN AMMAN NEWSPAPER REPORTED ON MAY 7 THAT SAUDI ARABIA AND KUWAIT HAVE NOTIFIED THE EGYPTIAN GOVERNMENT OF THEIR DESIRE TO WITHDRAW CREDITS TOTALLING DOLS 2 BILLION FROM EGYPT'S CENTRAL BANK. WE HAVE NO CONFIRMATION OF THIS REPORT. IF IT IS TRUE IT POSES A SERIOUS DILEMMA TO SADAT. LOSS OF THE MONEY WOULD PRESENT AN IMMEDIATE FINANCIAL STRAIN ON EGYPT. IF EGYPT WERE TO FREEZE THE ACCOUNTS AND HOLD THE MONEY, IT WOULD DAMAGE ITS REPUTATION AMONG POTENTIAL INVESTORS. FURTHERMORE, SAUDI ARABIA AND KUWAIT MIGHT BE PROMPTED TO USE THEIR CONSIDERABLE CLOUT IN THE INTERNATIONAL FINANCIAL COMMUNITY TO DISSUADE FINANCIAL INSTITUTIONS FROM DEALING WITH EGYPT UNTIL THE MONEY IS RELEASED. MEANWHILE, AFP REPORTED FROM BEIRUT THAT SAUDI ARABIA, QATAR AND THE UNITED ARAB EMIRATES HAVE DECIDED TO DISSOLVE THE ARAB INDUSTRIES ORGANIZATION. THE REPORT IS SO FAR UNCONFIRMED BUT IF TRUE, IT REPRESENTS ANOTHER ECONOMIC LOSS FOR EGYPT BECAUSE THE ORGANIZATION'S ARMS MANUFACTURING ACTIVITIES WERE TO HAVE BEEN BASED THERE.

13. (C/NF) A US PETROLEUM EXECUTIVE REPORTS THAT ON MAY 2 THE GOVERNMENT OF KUWAIT NOTIFIED AN OIL COMPANY THAT IT WOULD NOT BE ALLOWED TO SHIP KUWAITI CRUDE TO EGYPT. THE KUWAITIS SAID VIOLATION OF THIS PROHIBITION COULD COST THE COMPANY ITS TOTAL SUPPLY OF KUWAITI CRUDE. KUWAIT DID, HOWEVER, ALLOW THE COMPANY TO MOVE CRUDE THROUGH THE SUMED PIPELINE OR THROUGH THE SUEZ CANAL. THE COMPANY HAS ALSO RECEIVED UNOFFICIAL NOTIFICATION FROM IRAQ BANNING THE SHIPMENT OF CRUDE TO EGYPT OR
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RUQMAM/AMEMBASSY MANAMA PRIORITY 4481
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RUQMDI/AMEMBASSY MOGADISCIO PRIORITY 4637
RUEHMO/AMEMBASSY MOSCOW PRIORITY 0650
RUQMMT/AMEMBASSY MUSCAT PRIORITY 7814
RUQMQG/AMEMBASSY NICOSIA PRIORITY 6457
RUFHOK/AMEMBASSY NOUAKCHOTT PRIORITY 7582
RUFNPS/AMEMBASSY PARIS PRIORITY 2280
RUDKBT/AMEMBASSY RABAT PRIORITY 1550
RUQMHR/AMEMBASSY TEHRAN PRIORITY 2232
RUEHTV/AMEMBASSY TEL AVIV PRIORITY 3276
RUQMTI/AMEMBASSY TRIPOLI PRIORITY 8640
RUDKKR/AMEMBASSY TUNIS PRIORITY 3027
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S E C R E T FINAL SECTION OF 04 STATE 116738/04

THROUGH THE SUMED PIPELINE AND THE SUEZ CANAL. THE BAN ON CRUDE OIL SHIPMENTS TO EGYPT IS HARMLESS SINCE EGYPT IS ITSELF A NET EXPORTER OF CRUDE. IT DOES IMPORT SOME REFINED PRODUCTS BUT AN EGYPTIAN SPOKESMAN SAID ON MAY 6 THAT MOST OF THESE COME FROM EUROPE. SHOULD ARAB STATES BAN THEIR PRODUCTS FROM THE SUMED PIPELINE OR THE CANAL, HOWEVER, EGYPT WOULD BE HURT BY THE LOSS OF REVENUES.

14. (U) EMBASSY PARIS REPORTS THAT THE ARAB LEAGUE HAS SENT A LETTER TO THE PRESIDENTS OF UNESCO'S REGIONAL GROUPS ASKING THAT THE REGIONAL INSTITUTIONS OF THE UN AND ITS SPECIALIZED AGENCIES WHICH CONCERN THE ARAB STATES BE WITHDRAWN FROM CAIRO. THE LETTER REFERS TO THE BAGHDAD RESOLUTIONS WHICH CALL FOR SUCH A WITHDRAWAL.

15. (C) IRAQ: A SECOND COMMUNIST MINISTER HAS BEEN PURGED FROM THE IRAQI CABINET. THE TRANSPORT MINISTER WAS FIRED OVER THE WEEKEND, CLOSELY FOLLOWING THE FIRING OF THE MINISTER OF STATE LAST WEEK. THE TRANSPORT MINISTER WAS THE LAST COMMUNIST MINISTER IN THE GOVERNMENT. USINT BAGHDAD REPORTS THAT HE WAS A DURABLE SYMBOL OF THE FORMER BAATHIST/COMMUNIST ALLIANCE AND THE CLOSE TIES BETWEEN IRAQ AND THE USSR. USINT BELIEVES HIS FIRING CALLS INTO QUESTION THE CLAIMS OF REGIME SPOKESMAN THAT THE CURRENT FEUD WITH LOCAL COMMUNISTS WILL NOT HURT TIES BETWEEN MOSCOW AND BAGHDAD.

16. (S) YEMEN ARAB REPUBLIC: ACCORDING TO AN ADVISOR TO YAR PRESIDENT SALIH, THE YAR IS CONSIDERING THE COMMERCIAL PURCHASE OF TANKS FROM POLAND. THE ADVISOR SAID THE YAR ARMY COULD QUICKLY INTEGRATE THE SOVIET-MADE TANKS INTO ITS UNITS RATHER THAN WAITING TO LEARN HOW TO USE THE NEWLY ARRIVED US EQUIPMENT. THE YAR PURCHASED 52 TANKS FROM POLAND IN LATE 1978. THE EMBASSY COMMENTS THAT A NEW PURCHASE WILL FURTHER UNSETTLE THE SAUDIS AND RAISE SUSPICIONS ABOUT SALIH'S ULTIMATE AIMS. THE ADDITION OF THESE TANKS WOULD ALSO PROLONG THE STAY OF SOVIET ADVISORS IN THE YAR, IF INDEED SALIH EVER INTENDS TO PHASE THEM OUT.

17. (C) USSR-OMAN: THE SOVIET PRESS HAD HINTED IN RECENT WEEKS THAT THE DHOFAR REBELLION IN OMAN MAY BE REKINDLED. SINCE JANUARY, SOVIET COMMENTARY HAS POINTED TO OMAN AS A POTENTIAL HOT-SPOT IN THE MIDDLE EAST. ON APRIL 28, A POPULAR FRONT FOR THE LIBERATION OF OMAN DELEGATION LEFT MOSCOW AFTER A FIVE DAY VISIT ON INVITATION OF THE SOVIET AFRO-ASIAN SOLIDARITY COMMITTEE. ALTHOUGH SULTAN QABUS OF OMAN HAS LONG BEEN THE TARGET OF SOVIET CRITICISM, HIS STAND ON THE EGYPTIAN-ISRAELI TREATY AND HIS SUPPORT FOR EGYPT IS PROBABLY BEHIND THE RECENT SOVIET PROPAGANDA FLURRY. VANCE
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S E C R E T SECTION 01 OF 03 STATE 165654/01

E.O. 12065 GDS 6/26/85 (GRIFFIN, PHILIP J.)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 840 - JUNE 26, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHODS INVOLVED
NOT RELEASABLE TO FOREIGN NATIONALS

1. (S) A RECENT CIA ANALYSIS CONCLUDES THAT ISRAEL'S SOARING INFLATION RATE, RUNNING IN EXCESS OF 70 PERCENT ANNUALLY, IS THE MOST SERIOUS DOMESTIC ISSUE FACING PRIME MINISTER BEGIN. DEBATES OVER ECONOMIC STRATEGY HAVE BECOME A MAJOR SOURCE OF DISSENSION WITHIN BEGIN'S DOMINANT LIKUD BLOC; THE LIBERAL WING, WHICH HAS CHARGE OF MOST ECONOMIC POSTS, IS PITTED AGAINST BEGIN'S HERUT CONTINGENT AND THE SMALL LAAM PARTY. BEGIN HAS FELT COMPELLED TO SHORE UP THE POSITION OF FINANCE MINISTER AND LIBERAL LEADER EHRLICH, THE MAIN TARGET OF PUBLIC CRITICISM, TO ASSURE LIBERAL BACKING FOR A HARDLINE POSITION ON PEACE NEGOTIATIONS.

2. (C) ISRAEL'S INFLATION RATE, HIGH SINCE THE 1973 ARAB-ISRAELI WAR, HAS WORSENED DRAMATICALLY IN RECENT MONTHS AND SEEMS HEADED TOWARD TRIPLE DIGIT RATES. THE CONSUMER PRICE INDEX INCREASED NEARLY 9 PERCENT IN APRIL--THE LARGEST MONTHLY RISE SINCE 1952--AND HAS RISEN MORE THAN 29 PERCENT SO FAR THIS YEAR.

(PARAGRAPHS 3-11 SECRET)

3. THE ISRAELIS FEAR THAT THE CURRENT RATE OF INFLATION WILL OUTSTRIP THE CUSHIONING EFFECT OF COST-OF-LIVING INCREASES AND VARIOUS TYPES OF GOVERNMENT SUBSIDIES. MANY, MOREOVER, ARE AWARE THAT ANY ECONOMIC DIVIDEND RESULTING FROM THE PEACE TREATY WITH EGYPT WILL BE WATERED DOWN IN THE SHORT RUN BY STILL GREATER INFLATIONARY PRESSURES CERTAIN TO BE GENERATED BY THE ISRAELI MILITARY WITHDRAWAL FROM THE SINAI TO THE NEGEV AND BY THE RELOCATION AND COMPENSATION OF ISRAEL'S SEVERAL THOUSAND SINAI SETTLERS.

4. THE LATEST INFLATION FIGURES ALARMED THE PUBLIC AND PROVOKED A RESURGENCE OF CALLS FOR EHRLICH'S RESIGNATION. HIS POPULARITY HAS PLUMMETED TO UNDER 10 PERCENT IN MANY PUBLIC OPINION POLLS THIS YEAR. THE PUBLIC'S DISSATISFACTION WITH EHRLICH COMPOUNDS LONGSTANDING DIFFERENCES BETWEEN HIS LIBERALS AND BEGIN'S HERUT SUPPORTERS. THESE DIFFERENCES STEM BASICALLY FROM THE DETERMINATION OF BOTH PARTIES TO SAFEGUARD THE ECONOMIC INTERESTS OF THEIR QUITE DIFFERENT VOTER CONSTITUENCIES.

5. HERUT ECONOMIC ACTIVISTS TAKE A RATHER NONDOCTRINAIRE, POPULIST APPROACH TO THE ECONOMY. THEY ADVOCATE SPECIAL MEASURES TO HELP DISADVANTAGED, WORKING-CLASS SEPHARDIC ISRAELIS, HERUT'S SINGLE LARGEST CONSTITUENCY. HERUT MEMBERS HAVE REPEATEDLY FAULTED EHRLICH FOR FAILING TO SECURE GREATER WAGE INCREASES AND IMPROVEMENTS IN WORKING CONDITIONS FOR THE SEPHARDIC COMMUNITY. EHRLICH'S HERUT CRITICS WANT THE PRIME MINISTER TO TAKE A GREATER PERSONAL INTEREST IN ECONOMIC MATTERS AND TO CONSTRAIN EHRLICH'S DECISIONMAKING PREROGATIVES.

6. EHRLICH'S LOSS OF VOTER CONFIDENCE AND THE SNIPING AT HIS LEADERSHIP WITHIN LIKUD HAVE SPARKED A CHALLENGE, LED BY ENERGY AND COMMUNICATIONS MINISTER MODAI, FOR CONTROL OF HIS LIBERAL PARTY. EHRLICH'S LIBERAL OPPONENTS CLAIM THAT HE HAS FAILED TO PROTECT ADEQUATELY THE ECONOMIC INTEREST OF THE PARTY'S MIDDLE-CLASS SUPPORTERS.

7. MANY IN THE SMALL, CONSERVATIVE LAAM CONTINGENT OF LIKUD, LED BY FORMER INDUSTRY MINISTER HURVITZ, ALSO OPPOSE EHRLICH'S POLICIES. THEY DEMAND A SMALLER AND BETTER-MANAGED BUDGET AND A CLEARER BREAK WITH THE SOCIALIST ECONOMIC PRACTICES OF LABOR-LED GOVERNMENTS OF THE PAST.

8. DIFFERENCES OVER ECONOMIC ISSUES HAVE NOT REACHED THE POINT OF THREATENING THE STABILITY OF THE HERUT-LIBERAL PARTNERSHIP. LEADERS OF BOTH PARTIES REALIZE THEY NEED EACH OTHER TO HOLD POWER; THE LIBERALS HAVE NO REALISTIC ALTERNATIVE AT PRESENT TO THEIR ALLIANCE WITH HERUT.

9. BARRING A SERIOUS CRISIS OF PUBLIC CONFIDENCE THAT THREATENED TO BRING DOWN THE GOVERNMENT, THE OTHER COALITION PARTNERS PROBABLY WILL CONTINUE TO FOLLOW LIKUD'S LEAD ON THE ECONOMY. THE NATIONAL RELIGIOUS PARTY, BEGIN'S MAJOR COALITION ALLY, IS PREOCCUPIED WITH ASSURING CONTINUED ISRAELI CONTROL OVER THE "BIBLICAL LAND" OF THE WEST BANK. THE SMALL, ORTHODOX AGUDANT ISRAEL PARTY IS CONCERNED MAINLY WITH ENSURING THE ENFORCEMENT OF JEWISH RELIGIOUS LAWS AND CUSTOMS.

10. THE DEMOCRATIC MOVEMENT, WHICH HOLDS THE THIRD
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LARGEST NUMBER OF PARLIAMENTARY SEATS IN THE COALITION AFTER LIKUD AND THE NATIONAL RELIGIOUS PARTY, TAKES A MAJOR INTEREST IN ECONOMIC AND SOCIAL ISSUES. THE DEMOCRATIC MOVEMENT'S ERODED VOTER POPULARITY, HOWEVER, HAS MADE IT DEEPLY DEPENDENT ON BEGIN'S SUPPORT AND LEFT IT LITTLE LEEWAY TO STAKE OUT DIFFERENT POSITIONS.

11. NOW THAT TREATY NEGOTIATIONS WITH EGYPT HAVE BEEN SUCCESSFULLY CONCLUDED, BEGIN MAY BEGIN TO TAKE HIS DISTANCE FROM EHRLICH IN AN ATTEMPT TO CUT LIKUD'S POLITICAL LOSSES BEFORE PREPARING FOR THE NEXT NATIONAL ELECTION IN NOVEMBER 1981. SUCH ACTION WOULD BE DIFFICULT FOR BEGIN, GIVEN THE IMPORTANCE HE ATTACHES TO PERSONAL LOYALTIES AND HIS DESIRE TO RETAIN EHRLICH'S SUPPORT IN THE DIFFICULT WEST BANK-GAZA AUTONOMY NEGOTIATIONS WITH EGYPT- BEGIN PROBABLY WOULD PREFER TO PUT OFF A DECISION FOR AS LONG AS POSSIBLE OR ENCOURAGE EHRLICH TO SHIFT PORTFOLIOS RATHER THAN DUMP HIM ALTOGETHER.

12. (C) THE PRIME MINISTER RECOGNIZES THAT INFLATION COULD UNDERMINE WHATEVER DOMESTIC ADVANTAGES HE HAS GAINED FROM HIS PEACE NEGOTIATION TRIUMPHS. CONSEQUENTLY, HE HAS TAKEN A GREATER INTEREST IN GAINING CABINET APPROVAL FOR NEW ECONOMIC MEASURES AND IN DEMONSTRATING HIS CONCERN FOR THE PLIGHT OF THE SEPHARDIC ISRAELIS. BEGIN MAY HAVE INTENDED HIS RECENT ANNOUNCEMENT OF HIS INTENTION TO SEEK REELECTION IN PART TO REASSURE LIKUD ACTIVISTS AND VOTERS THAT HE WILL TAKE THE KIND OF ACTION ON INFLATION-RELATED PROBLEMS THAT IS NECESSARY TO WIN AT THE POLLS IN 1981.

13. (U) EHRLICH, MEANWHILE, HAS FELT PRESSED BY AN UPSURGE IN CABINET-LEVEL CONCERN TO STRENGTHEN THE FIVE-YEAR ECONOMIC PLAN HE PRESENTED IN MID-MAY. HE NOW RECOMMENDS ADDITIONAL BUDGET CUTBACKS, SELECTIVE GOVERNMENT EMPLOYEE REDUCTIONS, AN END TO SOME GOVERNMENT SUBSIDIES, AND BETTER TAX COLLECTION. HIS PLAN, IF ADOPTED IN FULL, WOULD REPRESENT A CAUTIOUS FIRST STEP BUT IS INSUFFICIENT TO MAKE MORE THAN A SMALL DENT IN THE INFLATION RATE. THE GOVERNMENT, HOWEVER, WHILE DEMOSTRATING MORE INTEREST IN ECONOMIC ISSUES, THUS FAR HAS DONE LITTLE IN PRACTICE TO FOLLOW UP ON EHRLICH'S PROPOSALS.

14. (U) BEGIN POPULARITY: AN ISRAELI POLL PUBLISHED IN HAARETZ ON JUNE 25 INDICATED THAT BEGIN'S POPULARITY HAS DROPPED TO ITS LOWEST LEVEL SINCE HIS GOVERNMENT CAME TO POWER TWO YEARS AGO. ONLY 40.6 PERCENT OF THE POPULATION WAS SATISFIED WITH THE WAY HE WAS LEADING THE COUNTRY, DOWN FROM 54 PERCENT A YEAR AGO.

15. (U) SETTLEMENTS: MAARIV REPORTED JUNE 24 THAT THE JEWISH AGENCY SETTLEMENT DEPARTMENT IS PREPARING TO ESTABLISH 19 NEW SETTLEMENTS IN THE WEST BANK IN THE COURSE OF THE NEXT YEAR. THE ARTICLE STATES THAT A PLAN FOR THE NEW SETTLEMENTS HAS BEEN PREPARED IN COORDINATION WITH THE MINISTRY OF CONSTRUCTION AND HOUSING. ACCORDING TO THE PLAN FIVE SETTLEMENTS ARE EXPECTED TO BE ESTABLISHED THIS YEAR AND ANOTHER FOURTEEN NEXT YEAR. "SETTLEMENT ELEMENTS" REPORT THAT EVEN IF A QUARTER OF THIS SETTLEMENT PROGRAM IS PUT INTO EFFECT DURING THE NEXT FISCAL YEAR, IT WILL BE SUFFICIENT TO GIVE SIGNIFICANT FOUNDATIONS TO THE ISRAELI PRESENCE IN THE WEST BANK.

16. (U) AUTONOMY TALKS: MAARIV'S POLITICAL CORRESPONDENT ON JUNE 25 CLAIMED THAT AMBASSADOR STRAUSS WOULD BE ARRIVING IN ISRAEL WITH A VERY REAL "DOWRY" AFTER FOILING STATE DEPARTMENT ATTEMPTS TO APPLY SANCTIONS AGAINST ISRAEL BECAUSE OF THE ELON MOREH SETTLEMENT. ANOTHER MAARIV CORRESPONDENT PREDICTS THAT THE SETTLEMENTS MAY BECOME A CENTRAL ISSUE AT A MEETING ON THURSDAY OF 40 MEMBERS OF THE PRESIDENTS' CONFERENCE OF MAJOR JEWISH ORGANIZATIONS. BEGIN'S OFFICE IS REPORTEDLY EXERTING PRESSURE ON THE ORGANIZATION'S PRESIDENT THEODORE MANN TO COME OUT WITH ANOTHER PRO-SETTLEMENT STATEMENT PRIOR TO THE MEETING. YEDIOT'S POLITICAL CORRESPONDENT REPORTS THAT PRIME MINISTER BEGIN PROTESTED JUNE 24 NATIONAL SECURITY ADVISOR BRZEZINSKI'S "ANTI-SETTLEMENT" REMARKS MADE TO A GROUP OF US JEWISH LEADERS LAST WEEK.

17. (U) REUTER REPORTS THAT AN ISRAELI GOVERNMENT OFFICIAL, COMMENTING ON THE AUTONOMY TALKS, HAS SUGGESTED THAT NO SIGNIFICANT BREAKTHROUGH WOULD OCCUR UNTIL BEGIN AND SADAT MEET IN ALEXANDRIA IN JULY.

18. (C/NF) ISRAEL-EGYPT: THE ISRAELI AIRCRAFT INDUSTRY (IAI) IS DEVELOPING A PROPOSAL TO HELP EGYPT MAINTAIN ITS US-SUPPLIED AIRCRAFT, ACCORDING TO A DIA SOURCE. IAI BELIEVES THAT THE PRESENT SITUATION IN THE MIDDLE EAST IS CONDUCIVE TO CLOSE EGYPTIAN-ISRAELI MILITARY AND ECONOMIC COOPERATION.

19. (LOU) EGYPT-SANCTIONS: EMBASSY CAIRO REPORTS THAT THE OPERATIONS MANAGER OF THE SUMED PIPELINE HAS SEEN NO INDICATION FROM THE GULF COUNTRIES THAT THE PIPELINE WOULD BE BOYCOTTED, PARTICULARLY SINCE KUWAIT, SAUDI ARABIA, QATAR, AND THE UAE HOLD SHARES IN IT. SUMED CONTINUES TO OPERATE AT FULL CAPACITY, AND CONSTRUCTION IS PROCEEDING ON A PARALLEL PIPELINE WHICH WILL DOUBLE
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THE PRESENT CAPACITY.

20. (C) EGYPT-IMF: EMBASSY CAIRO REPORTS THAT EGYPTIAN LEADERS CONTINUE TO BELIEVE THEY HAVE DONE ALL THAT IS POLITICALLY FEASIBLE IN ADOPTING IMF SUGGESTED ECONOMIC REFORMS. THE FUND, MEANWHILE, CONTINUES TO POINT TO INCREASED PROBLEMS WHICH WILL BE ENGENDERED BY FURTHER DELAY IN IMPLEMENTING REFORMS. AN IMF OFFICIAL IN CAIRO IS PESSIMISTIC ABOUT THE LIKELIHOOD THAT A NEW LETTER OF INTENT BETWEEN EGYPT AND THE IMF CAN BE ACCEPTED PRIOR TO A FALL WORLD BANK MEETING.

21. (U) SAUDI ARABIA-OPEC: REUTER QUOTES UNDERSECRETARY OF THE SAUDI OIL MINISTRY AL-TURKI AS CHARACTERIZING THE PROPOSAL TO RAISE OIL PRICES TO DOLS 20 PER BARREL AS "RIDICULOUS." AL-TURKI SAID THAT SAUDI ARABIA WANTED TO REESTABLISH UNITY IN OPEC BUT NOT AT SUCH A HIGH PRICE. HE REFUSED TO COMMENT ON WHETHER SAUDI ARABIA WOULD ACCEPT A PRICE OF DOLS 18.50 A BARREL, SAYING THAT HE DID NOT WISH TO DISCUSS A PRECISE FIGURE. CHRISTOPHER
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National Basic Intelligence Factbook

July 1979

Supersedes the January 1979 edition, copies of which should be destroyed.

The Factbook, a compilation of basic data on political entities worldwide, is produced semiannually by the Office of Geographic and Cartographic Research with contributions provided by various components of the Central Intelligence Agency, the Defense Intelligence Agency, and the Department of State. Comments, suggestions, and requests for additional copies may be addressed to:

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Washington, D.C. 20505

Unless otherwise indicated,
individual entries are Unclassified.

(See reverse map V)

ISRAEL

NOTE: The Arab territories occupied since the 1967 war are not included in the data below unless so indicated

LAND

20,720 km² (excluding about 56,183 km² of occupied territory in Jordan, Egypt, and Syria as of June 1979); 20% cultivated, 40% pastureland and meadows, 4% forested, 4% desert, waste, or urban, 3% inland water, 29% unsurveyed (mostly desert)

Land boundaries: 1,036 km (prior to 1967 war), including occupied areas, approximately 1,050 km (1977)

WATER

Limits of territorial waters (claimed): 6 nm

Coastline: 273 km (prior to 1967 war), including occupied areas, approximately 848 km (1977)

PEOPLE

Population: 3,663,000, excluding East Jerusalem and the other occupied territories (July 1979), average annual growth rate 2.1% (7-77 to 7-78)

Nationality: noun—Israeli(s), adjective—Israel

Ethnic divisions: 85% Jews, 15% non-Jews (mostly Arabs)

Religion: 85% Judaism, 11% Islam, 4% Christian and other

Language: Hebrew official, Arabic used officially for Arab minority, English most commonly used foreign language

Literacy: 88% Jews, 48% Arabs

Labor force: 1,252,000; 6.1% agriculture, forestry and fishing, 23.8% industry, mining, and manufacturing, 1.1% electricity and water, 6.6% construction and public works, 11.9% commerce, 6.9% transport, storage, and communications, 7.3% finance and business, 29.7% public services, 6.6% personal and other services (1978)

Organized labor: 90% of labor force

GOVERNMENT

Legal name: State of Israel

Type: republic

Capital: Jerusalem, not recognized by U.S. which maintains Embassy in Tel Aviv

Political subdivisions: 6 administrative districts

Legal system: mixture of English common law and, in personal area, Jewish, Christian and Muslim legal systems, commercial matters regulated substantially by codes adopted since 1948, no formal constitution, some of the functions of a constitution are filled by the Declaration of Establishment (1948), the basic laws of the Knesset (legislature) relating to the Knesset, Israeli lands, the president, the government and the Israel citizenship law, no judicial review of legislative acts, legal education at Hebrew University in Jerusalem, accepts compulsory ICJ jurisdiction, with reservations

National holiday: Independence Day, 11 May

ISRAEL

Branches: President Yitzhak Navon has largely ceremonial functions, executive power vested in cabinet; unicameral parliament (Knesset) of 120 members elected under a system of proportional representation; legislation provides fundamental laws in absence of a written constitution; 2 distinct court systems (secular and religious)

Government leader: Prime Minister Menachem Begin

Suffrage: universal over age 18

Elections: held every 4 years unless required by dissolution of Knesset, last election held in May 1977

Principal political parties and leaders: Herut, Prime Minister Menachem Begin, Defense Minister Ezer Weizman, Liberal Party, Finance Minister Simcha Ehrlich, La'am, Yigal Hurvitz; (Likud is a coalition formed of Herut, Liberals and La'am), National Religious Party, Joseph Burg, Zevulun Hammer; Democratic Movement, Yigal Yadin, Shmuel Tamir; Israel Labor Party, Shimon Peres, Yitzhak Rabin, Yigal Allon; SHELLI, Arieh Eliav

Voting strength: Likud 45 seats; National Religious Party 12 seats; Orthodox Augudat parties 5 seats; Samuel Flatto-Sharon 1 seat, Moshe Dayan 1 seat; Labor Party-MAPAM-Arab List Alignment 32 seats; Democratic Movement 7 seats; Shai 7 seats; Ya'ad 1 seat (recently organized by Assaf Yaguri as a one-man Knesset faction); Independent Liberal Party 1 seat; Citizens Rights Movement 1 seat; RAKAH 5 seats; SHELLI 2 seats

Communists: RAKAH (predominantly Arab but with Jews in its leadership) has some 1,500 members; the Jewish Communist Party, MAKI, is now part of Moked, which is a far-left Zionist party

Other political or pressure groups: right-wing Jewish Defense League led by Rabbi Meir Kahane; Black Panthers, a loosely organized youth group seeking more benefits for oriental Jews; Gush Emunim, Jewish religious zealots pushing for freedom for Jews to settle anywhere on the West Bank

Member of: FAO, GATT, IAEA, IBRD, ICAC, ICAO, IDA, IFC, ILO, IMCO, IMF, IOOC, IPU, ITU, IWC—International Wheat Council, OAS (observer), UN, UNESCO, UPU, WHO, WIPO, WMO, WSG, WTO

ECONOMY

GNP: $12.7 billion (1978, in 1978 prices), $3,430 per capita; 1978 growth of real GNP 5.2%

Agriculture: main products—citrus and other fruits, vegetables, beef and dairy products, poultry products

Major industries: food processing, diamond cutting and polishing, textiles and clothing, chemicals, metal products, transport equipment, electrical equipment, miscellaneous machinery, rubber and plastic products, potash mining

Electric power: 2,800,000 kW capacity (1978); 13.5 billion kWh produced (1978), 3,700 kWh per capita

Exports: $4.2 billion (f.o.b., 1978), major items—polished diamonds, citrus and other fruits, textiles and clothing, processed foods, fertilizer and chemical products; tourism is leading foreign exchange earner

Imports: $7.1 billion (f.o.b., 1978), major items—military equipment, rough diamonds, chemicals, machinery, iron and steel, cereals, textiles, vehicles, ships, and aircraft

Major trade partners: exports—EC, U.S., U.K., Japan, Hong Kong, Switzerland; imports—EC, U.S., U.K., Switzerland, Japan

Aid: economic—(1970-76) U.S., $1,818.7 million, Western countries, $562.9 million, military—U.S., $5,664.0 million (C)

Budget: FY beginning 1 April 1979—$13 billion (converted at 22 Israeli pounds=US$1)

Monetary conversion rate: the Israeli pound was allowed to float on 31 October 1977 and as of mid-April 1979 it was roughly 22.0 Israeli pounds=US$1

Fiscal year: 1 April-31 March

COMMUNICATIONS

Railroads: 767 km standard gage (1.435 m)

Highways: 4,459 km paved, 7 km gravel/crushed stone, remainder unknown

Pipelines: crude oil, 705 km; refined products, 290 km; natural gas, 89 km

Ports: 3 major (Haifa, Ashdod, Elat), 5 minor

Merchant marine: 39 ships (1,000 GRT or over) totaling 411,909 GRT, 558,494 DWT; includes 12 cargo, 12 container, 4 roll-on/roll-off cargo, 11 bulk (C)

Airfields: 56 total, 46 usable; 21 with permanent-surface runways; 5 with runways 2,440-3,659 m, 6 with runways 1,220-2,439 m

Civil air: 25 major transport aircraft, including 1 leased in

Telecommunications: most highly developed in the Middle East though not the largest; good system of coaxial cable and radio relay; 870,000 telephones (24.0 per 100 popl.), 14 AM, 10 FM stations, 15 TV stations and 30 repeater stations; 2 submarine cables; 1 Atlantic Ocean satellite station

DEFENSE FORCES

Military manpower: Jewish males 15-49, 750,000, 648,000 fit for military service; average number of Jews reaching military age (18) annually—28,000 males, 27,000 females; both sexes liable for military service

Personnel: army 135,000 (plus 300,000 reserve), navy 6,600, air force 28,500 (1,450 pilots), NAHAL 5,000, frontier guard 4,500, CHEN (women) 20,000 (S)

Major ground units: 10 armored divisions, 1 airmobile division, 4 mechanized infantry, 4 airborne, and 7 infantry brigades (S)

Ships: 3 submarines, 8 patrol guided missile combatants, 12 missile attack boats, 32 patrol boats, 13 river roadstead patrol boats, 2 port security boats, 2 patrol air cushion vehicles, 10 amphibious, 5 service, and 3 auxiliary (S)

Aircraft: 1,045 (700 jet, 137 prop, 30 turboprop, 178 helicopters) (S)

Missiles: 17 Hawk missile batteries (16 towed and 1 self-propelled) and 48 Chaparral launchers (S)

Supply: produces most types of ammunition, vehicles up to 50-60-ton tank transporters, small arms, mortars up to 160 mm, 155-mm self-propelled and towed artillery, indigenously designed medium tanks, and chemical and biological warfare defensive materiel; aircraft from native and foreign designs, and small turbojet engines, engine parts and components; also produces GABRIEL, an indigenously designed and produced naval surface-to-surface missile, as well as the SHAFRIR air-to-air missile; has built 6 patrol guided missile combatants and is building 6 more; most navy ships from U.K., France, and U.S.; equipment from U.S. and diverse sources in Western Europe (S)

Military budget: for fiscal year ending 31 March 1980, $3,215 million; about 28% of central government budget (C)

INTELLIGENCE AND SECURITY

Israeli Secret Intelligence Service (MOSSAD), foreign; Israeli Security Service (Shin Beth), domestic and foreign; Directorate of Military Intelligence (Sherut Modi'in), foreign political, economic, geographic, and military intelligence (S/NF)

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INFO RUEAIRS/ TREASURY DEPARTMENT WASHDC PRIORITY 0500
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S E C R E T SECTION 01 OF 03 STATE 192384/01

E.O. 12065: GDS 7/24/85 (ROBERTS, SAMUEL)

TAGS:EG, IS, PINR

SUBJECT: INTSUM 859, JULY 24, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHOD INVOLVED. NOT RELEASABLE TO FOREIGN NATIONALS

(PARAGRAPHS 1-3 CONFIDENTIAL)

1. ISRAEL-JORDAN: YARMUK WATER DISPUTE: IT APPEARS THAT THE YARMUK WATER DISPUTE BETWEEN ISRAEL AND JORDAN HAS ESSENTIALLY BEEN RESOLVED WITHOUT INCIDENT THROUGH INTENSIVE DIPLOMATIC ACTIVITY. THE POTENTIAL FOR CONFLICT AND POSSIBLE INVOLVEMENT OF THE MILITARY DISSIPATED WHEN THE REPRESENTATIVE OF THE JORDAN VALLEY AUTHORITY ORDERED HIS PEOPLE TO ALLOW ABSOLUTE MINIMUM WATER INTO THE EAST GHOR CANAL TO MEET JORDAN'S MINIMUM NEEDS, THEREBY ALLOWING ADDITIONAL WATER TO FLOW INTO THE YARMUK RIVER. THIS WAS CONFIRMED THOUGH NOT CONVEYED TO THE JORDANIAN GOVERNMENT BY ISRAELI ESTIMATES THAT

REPORTED THE INCREASED INFLUX OF WATER ON 18 JULY.

2. THE ISRAELI THREAT TO USE MILITARY FORCE, IF NECESSARY, COULD HAVE BEEN THE DECIDING FACTOR INFLUENCING THE JORDANIANS TO RESTORE THE FLOW OF WATER TO A LEVEL THAT SEEMS TO HAVE SATISFIED TEL AVIV.

3. ANOTHER JORDANIAN-ISRAELI MEETING BY TECHNICAL EXPERTS AT RIVERSIDE IS ANTICIPATED TO SORT OUT HOW BEST TO PROCEED ON THE NEXT PHASE OF THE BULLDOZER EXERCISE.

(PARAGRAPHS 4-9 CONFIDENTIAL)

4. OAU: SUMMIT RESULTS. THE ORGANIZATION OF AFRICAN UNITY SUMMIT LAST WEEK IN MONROVIA, LIBERIA, WAS UNUSUALLY CONTENTIOUS. THE 48 DELEGATIONS REFUSED TO CENSURE EGYPT'S MIDDLE EAST INITIATIVES, DECLINED TO RECOGNIZE THE MUZOREWA REGIME IN ZIMBABWE-RHODESIA, AND DECLARED THAT MOROCCO HAD ONLY ADMINISTRATIVE CONTROL IN WESTERN SAHARA.

5. AS NOTED IN A CIA ANALYSIS, MIDDLE EAST AFFAIRS NEARLY DOMINATED THE SUMMIT. SEVERAL RESOLUTIONS, ADOPTED BY CONSENSUS, WERE CAREFULLY WORDED TO DISAPPROVE ONLY OF TREATIES THAT HARM THE SOVEREIGNTY OF ARAB AREAS, TO RECOGNIZE THE RIGHT OF PALESTINIANS TO THEIR OWN STATE, AND TO RECOGNIZE THE PALESTINE LIBERATION ORGANIZATION AS THE SOLE LEGITIMATE REPRESENTATIVE OF THE PALESTINIANS.

6. RESOLUTIONS ON SOUTHERN AFRICA WERE ADOPTED AT THE LAST MINUTE WITHOUT DEBATE. THE OAU AGREED IT WOULD NOT APPROVE US OR UK RECOGNITION OF THE MUZOREWA GOVERNMENT AND WOULD CONSIDER THE LIFTING OF SANCTIONS A HOSTILE ACT. THE PATRIOTIC FRONT WAS DESIGNATED THE "SOLE LEGITIMATE AND AUTHENTIC REPRESENTATIVE OF THE PEOPLE OF ZIMBABWE"--GOING BEYOND THE OAU'S PREVIOUS ENDORSEMENT OF THE FRONT AS THE ONLY RECOGNIZED LIBERATION GROUP.

7. ACCORDING TO THE US EMBASSY IN MONROVIA, OAU MEMBERS ARE UNCERTAIN WHAT THE ZIMBABWE RESOLUTION MEANS. ALL CONCUR THAT THEY WERE WARNING THE WESTERN POWERS NOT TO RECOGNIZE MUZOREWA OR TO LIFT SANCTIONS, BUT THEY DIFFER AS TO WHETHER NEGOTIATIONS FOR A SETTLEMENT SHOULD GO FORWARD. THE FRONTLINE STATES PROFESS TO SEE NOTHING THAT WOULD HAMPER NEGOTIATIONS.

8. RESOLUTIONS ON WESTERN SAHARA WERE HARD-FOUGHT BUT FINALLY APPROVED BY A TWO-THIRDS MAJORITY. MOROCCO WALKED OUT OF THE SESSION AFTER IT WAS D-CLAR-D THAT RABAT HAD ADMINISTRATIVE CONTROL BUT NOT SOVEREIGNTY OVER THE AREA. THE RESOLUTION CALLED FOR A CEASE-FIRE AND A REFERENDUM TO DETERMINE THE SAHARANS' PREFERENCE.

9. LIBERIAN PRESIDENT TOLBERT, WHO CHAIRED THE MEETING, KEPT CHAD OFF THE AGENDA AND CUT OFF A BITTER DISCUSSION ON UGANDA AFTER ALL THE PRINCIPALS HAD SPOKEN.

10. (S/NF) SYRIA-USSR: INCREASED AIRCRAFT DELIVERIES. THE USSR HAS CONTINUED TO PROVIDE SYRIA WITH A STEADY FLOW OF ADVANCED AIRCRAFT THIS YEAR DESPITE EARLIER SIGNS OF STRAINED RELATIONS BETWEEN DAMASCUS AND MOSCOW. UNUSUALLY LARGE SOVIET DELIVERIES IN JULY HAVE INCLUDED EIGHT MIG-23S--THE FIRST RECEIVED SINCE 1977--AND 24 MIG-21S. THESE DELIVERIES BRING THE TOTAL SO FAR THIS YEAR TO 68--CLOSE TO OR EXCEEDING TOTAL SOVIET FIGHTER AIRCRAFT SHIPMENTS IN EACH OF THE PREVIOUS FOUR YEARS. WE DO NOT KNOW WHETHER ALL OF THE SHIPMENTS INVOLVE EQUIPMENT ORDERED UNDER THE LAST MAJOR CONTRACTS WE ARE AWARE OF, WHICH WERE SIGNED IN 1977. NEGOTIATIONS FOR A LARGE NEW SOVIET-SYRIAN DEAL WERE NEAR COMPLETION IN APRIL, BUT WE HAVE NO CONFIRMATION THAT A NEW ACCORD BY
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WAS SIGNED. IF THE SOVIETS MAINTAIN THE PACE OF AIRCRAFT AND OTHER WEAPON SHIPMENTS TO SYRIA IN THE COMING MONTHS, OVERALL SOVIET DELIVERIES COULD REACH THEIR HIGHEST LEVEL SINCE 1974.

(PARAGRAPHS 10 - 17 UNCLASSIFIED)

10. ISRAEL-UNTSO: ISRAELI DEPUTY PRIME MINISTER YADIN SAID JULY 23 THAT THE US HAD SAID AT CAMP DAVID THAT IF UNEF WERE NOT RENEWED, IT WOULD BE REPLACED BY "ANOTHER INTERNATIONAL OR MULTINATIONAL FORCE." "THE UN OBSERVERS CAN ONLY REPORT ON WHAT HAPPENS...THE INTERNATIONAL FORCE ...SHOULD PREVENT BREACHES OF THE AGREEMENT...ENSURE FREEDOM OF NAVIGATION, FOR EXAMPLE.," IN ISRAEL, HA'ARIV REPORTED THAT ,POLITICAL CIRCLES" THINK ISRAEL WILL FACE A ,SHARP CONFRONTATION" WITH THE US. TALKS BETWEEN ISRAEL AND EGYPT ON THE MATTER WERE REPORTED AND THERE WERE -HINTS,, THE PAPER SAID, THAT EGYPT WAS NOT HAPPY WITH THE UNTSO PROPOSAL EITHER.

11. BEGIN'S HEALTH: AP REPORTED JULY 23 THAT BEGIN'S DOCTORS SAID HE HAS LOST 25 PERCENT OF THE VISION IN HIS RIGHT EYE AND 10 PERCENT IN THE LEFT EYE BECAUSE OF THE ARTERIAL BLOCKAGE. THE HEAD OF THE MEDICAL TEAM TREATING BEGIN SAID IT WAS TOO EARLY TO TELL IF THE EYE PROBLEM IS PERMANENT. THE DOCTOR ALSO SAID BEGIN'S "GRADUAL-RECUPERATION CONTINUES AS EXPECTED." BEGIN IS REPORTED TO BE RECEIVING OFFICIAL VISITORS AND STILL MAKING MAJOR DECISIONS.

12. PERES-EGYPT: CAIRO MENA REPORTED JULY 23 THAT ISRAELI LABOR PARTY LEADER SHIMON PERES IS DUE IN EGYPT JULY 24 AND WILL MEET SADAT IN ALEXANDRIA.

13. TURKEY-ISRAEL: REUTER REPORTED JULY 23 THAT THE TURKISH GOVERNMENT HAS PROTESTED TO ISRAEL OVER IMPLICIT ISRAELI CRITICISM OF THE HANDLING OF THE SIEGE AT THE EGYPTIAN EMBASSY. AN OFFICIAL OF THE ISRAELI EMBASSY IN ANKARA SAID THE EMBASSY WAS ACCUSED OF INTERVENING IN DOMESTIC TURKISH AFFAIRS BY ISSUING COPIES OF ARTICLES ABOUT THE SIEGE TO JOURNALISTS. THESE ARTICLES INCLUDED A PHOTOGRAPH OF THE TURKISH INTERIOR MINISTER KISSING ONE OF THE GUERRILLAS AFTER THE SIEGE ENDED, REUTER SAID.

14. LEBANON-ISRAELI AIR STRIKES: THE LEBANESE GOVERNMENT HAS SAID IT WILL PROTEST TO THE UN SECURITY COUNCIL ABOUT THE ISRAELI AIR RAIDS OF JULY 22. NEWSPAPERS, EMBASSY BEIRUT AND DEFENSE ATTACHE SOURCES PUT THE NUMBER OF DEAD AT 18 OR 20 WHILE THE WOUNDED ARE REPORTED TO NUMBER 65 TO 78. ALL THE LEBANESE PAPERS SAY CIVILIANS, INCLUDING WOMEN AND CHILDREN, WERE AMONG THE CASUALTIES. EMBASSY BEIRUT SAID THE RAIDS OCCURED AT THE TIME WHEN THE ROADS IN THE AREA OF THE STRIKES ARE USUALLY FILLED WITH PEOPLE RETURNING FROM THE MOUNTAINS AND THE BEACHES. ONE OF THE AREAS HIT IS ABOUT FIVE MILES FROM BEIRUT AIRPORT WHICH WAS FORCED TO CLOSE FOR ONE HOUR. LEBANESE PRIME MINISTER AL HUSS SAID THIS WAS A "BLANTANT CRIMINAL ACTION" AND CALLED ON OTHER COUNTRIES TO „ASSUME THEIR RESPONSIBILITIES" TO END THESE ACTIONS.

15. PLO-US: IN A STATEMENT TO A LEFTIST LEBANESE NEWSPAPER AL-SAFIR ON JULY 23, YASSER ARAFAT SAID THAT HE WILL SEND A DELEGATION TO THE UNITED STATES IF IT EXPRESSES READINESS TO NEGOTIATE WITH THE PLO. HE DENIED THERE WERE ANY CONTACTS BETWEEN THE US ADMINISTRATION AND SOME PALESTINIAN UNIVERSITY PROFESSORS. DESPITE HIS EXPRESSION OF DESIRE FOR A DIALOGUE WITH THE US, ARAFAT ACCUSED THE UNITED STATES OF HELPING ISRAEL TO „EXTERMINATE„ THE PALESTINIAN PEOPLE.

16. EGYPT-NEGOTIATIONS: THE EGYPTIAN PRESS REPORTS THAT VICE PRESIDENT MUBARAK WHILE DELIVERING AN ADDRESS TO THE CENTRAL COMMITTEE OF THE ARAB SOCIALIST UNION ON THE ANNIVERSARY OF THE 1952 REVOLUTION:

(A) NOTED THAT NASSER WAS THE FIRST LEADER TO ACCEPT UNSC RESOLUTION 242 AS WELL AS THE JARRING AND ROGERS PLANS;

(B) CLAIMED THAT THE REJECTIONISTS THEN AND NOW FAILED TO APPRECIATE THE TRADEOFF BETWEEN ISRAELI WITHDRAWAL AND ARAB ACCEPTANCE OF ISRAEL;

(C) WARNED THAT EGYPT EXPECTS TANGIBLE PROGRESS IN AUTONOMY NEGOTIATIONS OR THERE WILL BE "GRAVE CONSEQUENCES;"

(D) INSISTED THAT AUTONOMY MUST APPLY TO LAND AS WELL AS PEOPLE AND THAT A "PALESTINIAN GOVERNMENT" MUST HAVE LEGISLATIVE AND JUDICIAL POWERS; AND

(E) DECLARED THAT ISRAELI SETLEMENT POLICY IS "UNACCEPTABLE."

17. EGYPT-US: THE EGYPTIAN PRESS ON JULY 23 PROMINENTLY REPORTED ASSISTANT SECRETARY SAUNDERS' ASSERTION IN CONGRESSIONAL TESTIMONY THAT EGYPT NEEDS THE F-4 TO ENSURE THE SECURITY OF THE NILE VALLEY, SUEZ CANAL AND THE SUDAN. VANCE
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USINT BAGHDAD
AMEMBASSY BANJUL
AMEMBASSY CAIRO
AMCONSUL CAPE TOWN
AMEMBASSY DACCA
AMEMBASSY DJIBOUTI
AMEMBASSY DOHA
AMCONSUL DURBAN
AMEMBASSY FREETOWN
AMCONSUL GUAYAQUIL
AMCONSUL JOHANNESBURG
AMCONSUL KARACHI
AMEMBASSY KIGALI
AMEMBASSY LILONGWE
AMEMBASSY LOME
AMEMBASSY MOGADISHU
AMEMBASSY NAIROBI
AMEMBASSY NIAMEY
AMEMBASSY NOUAKCHOTT
AMEMBASSY OUAGADOUGOU
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CFR REPORT, INFORM CONSULS, CINC/SHAPE FOR POLADS ONLY

E.O. 12065 GDS 7/25/85 (TARNOFF, PETER)

TAGS: IX, US

SUBJECT: (U) CURRENT FOREIGN RELATIONS, ISSUE NO. 29, JULY 25, 1979

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1. (U) IO - MIDDLE EAST ISSUES IN THE UN (GDS 7/25/85)

(S) IN RECENT WEEKS, SEVERAL ISSUES INVOLVING THE MIDDLE EAST HAVE COME BEFORE THE SECURITY COUNCIL. AS A RESULT OF DISCUSSIONS AT THE SUMMIT IN VIENNA, IT BECAME CLEAR THAT THE SOVIETS WERE DETERMINED TO VETO THE RENEWAL OF THE UNITED NATIONS EMERGENCY FORCE (UNEF) WHEN ITS MANDATE EXPIRED JULY 24. BEGINNING IN MID-APRIL, WE HAD ASKED EGYPT AND ISRAEL TO GIVE US THEIR VIEWS ON THE AVAILABLE ALTERNATIVES TO UNEF: EITHER THE USE OF THE UN TRUCE SUPERVISION ORGANIZATION (UNTSO) AS A SUBSTITUTE FOR UNEF, OR THE CREATION OF A NON-UN MULTINATIONAL FORCE. IN JULY WE EXPLORED WITH THE SOVIETS WHETHER THEY WOULD BE WILLING TO ALLOW UNTSO TO CONTINUE TO FUNCTION, AND WE LINED UP A NINE-VOTE MAJORITY IN THE SECURITY COUNCIL ON UNEF RENEWAL. FACED WITH THE PROSPECT OF HAVING TO VETO, THE SOVIETS EVENTUALLY ACCEPTED THE USE OF UNTSO, PROVIDED WE WOULD NOT BRING UNEF RENEWAL TO A VOTE. EGYPT ACCEPTED THIS COMPROMISE PROPOSAL, BUT ISRAEL REJECTED IT. WE ARE CONTINUING TO DISCUSS THIS QUESTION WITH ISRAEL AND ARE CONFIDENT THAT A SATISFACTORY CONCLUSION CAN BE REACHED. THERE IS NO IMMEDIATE CRISIS, AND ISRAELI WITHDRAWALS ARE CONTINUING IN THE SINAI AS CALLED FOR IN THE PEACE TREATY.

(S) A SECOND ISSUE INVOLVED A RESOLUTION ON ISRAELI SETTLEMENTS IN THE OCCUPIED TERRITORIES, DEBATED BY THE SECURITY COUNCIL JULY 17-19. WE ABSTAINED IN THE VOTE ON THE RESOLUTION WHICH WAS ADOPTED BECAUSE WE WERE CONCERNED THAT THE RESOLUTION ADOPTED RECOMMENDATIONS MADE BY A SECURITY COUNCIL COMMISSION ON ISRAELI SETTLEMENTS WHICH WENT BEYOND THE SETTLEMENTS QUESTION.

AT THE SAME TIME, WE RESTATED OUR POSITION THAT ISRAELI SETTLEMENTS ARE INCONSISTENT WITH INTERNATIONAL LAW AND PRE'UDGE AN ISSUE WHICH WILL HAVE TO BE DEALT BY
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WITH IN THE NEGOTIATIONS.

(S) FINALLY, A RESOLUTION ON PALESTINIAN RIGHTS IS SCHEDULED TO BE DEBATED BY THE SECURITY COUNCIL ON JULY 27. A VOTE MAY COME AS EARLY AS JULY 30.

2. (U) NEA - U.S. ORDERS PRECAUTIONARY EVACUATION OF DEPENDENTS AND NON-ESSENTIAL EMPLOYEES FROM KABUL (GDS 7/25/85)

(LOU) IN THE FACE OF A DETERIORATING INTERNAL SECURITY SITUATION AND A RISING LEVEL OF VIOLENCE IN KABUL AND ALONG THE MAJOR OVERLAND ROUTE TO PAKISTAN, WE ORDERED THE EVACUATION OF ALL USG DEPENDENTS AND NON-ESSENTIAL PERSONNEL FROM AFGHANISTAN. THEY WILL BE COMING OUT OVER A TWO WEEK PERIOD ON REGULARLY SCHEDULED FLIGHTS. WE HAVE ADVISED THE PRIVATE AMERICAN COMMUNITY TO DO LIKEWISE AND ARE URGING THAT NON-ESSENTIAL TRAVEL TO AFGHANISTAN NOT BE UNDERTAKEN AT THIS TIME. OUR DRAWDOWN WILL INVOLVE ABOUT 100 PEOPLE. WE HAVE MADE CLEAR TO THE DRA THAT OUR DECISION DOES NOT REPRESENT A POLITICAL JUDGMENT BUT RATHER A PRUDENT STEP IN LIGHT OF OUR SECURITY CONCERNS.

(LOU) IN APPARENT RESPONSE TO OUR DECISION, THE DRA SUBSEQUENTLY NOTIFIED US THAT WE SHOULD REDUCE OUR STAFF IN KABUL IN LIGHT OF OUR REDUCED LEVEL OF AID. THE DRA HAS ASKED THE STAFF ASSIGNED AFTER THE APRIL 1978 REVOLUTION BE WITHDRAWN, BUT WE STILL ARE NOT CERTAIN WHAT THE FINAL LEVEL WILL BE.

(C) THE TREND OF THE INSURGENCY CONTINUES TO RUN AGAINST THE KHALQI REGIME OF NOOR MOHAMMED TARAKI AS REPORTS OF FIGHTING AND SERIOUS MILITARY MORALE AND COORDINATION PROBLEMS MULTIPLY. HOWEVER, THE REBELS HAVE STILL NOT DEMONSTRATED A CAPABILITY TO COORDINATE THEIR ACTIVITIES OR TO STRIKE EFFECTIVELY AT THE SEAT OF KHALQI POWER IN KABUL. THE SOVIETS ARE PROBABLY CONCERNED ABOUT THE STAYING POWER OF THE REGIME AND MAY HOPE FOR SOME KIND OF POLITICAL SOLUTION TO THE AFGHAN SITUATION. WHILE THE PRESENT REGIME IS CLEARLY IN TROUBLE, IT IS DIFFICULT TO PREDICT HOW OR WHEN LEADERSHIP CHANGES MIGHT OCCUR.

3. (U) ARA:NEW GOVERNMENT IN NICARAGUA (GDS 7/24/85)

(U) THE SOMOZA DYNASTY ENDED JULY 17 WITH SOMOZA'S DEPARTURE FOR MIAMI. CHAMBER OF DEPUTIES PRESIDENT FRANCISCO URCUYO, ELECTED INTERIM PRESIDENT BY THE

PRO-SOMOZA NICARAGUAN CONGRESS, THEN DISRUPTED CAREFULLY NEGOTIATED TRANSITION PLANS, TO WHICH HE HAD PREVIOUSLY AGREED, BY ANNOUNCING HIS INTENTION TO REMAIN IN POWER UNTIL THE 1981 ELECTIONS. THE U.S. PROMPTLY WITHDREW ITS AMBASSADOR AND MOST EMBASSY STAFF TO PROTEST URCUYO'S ACTION. URCUYO LASTED 48 HOURS, UNTIL THE NATIONAL GUARD DISINTEGRATED AND INTERNATIONAL PRESSURES MADE HIS POSITION UNTENABLE.

(C) THE NEW GOVERNMENT OF NATIONAL RECONSTRUCTION (GRN) WAS INSTALLED JULY 20, IN A CEREMONY ATTENDED
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BY AMBASSADOR BOWDLER, WHO HAD BEEN U.S. REPRESENTATIVE IN A MEDIATION EFFORT FROM SEPTEMBER 1978 TO JANUARY 1979 AND RECENTLY IN CONTACT WITH GRN LEADERS IN COSTA RICA. RELATIONS WITH THE U.S. ARE A MATTER OF GREAT SENSITIVITY TO THE NEW NICARAGUAN LEADERSHIP. ALTHOUGH IT IS TOO EARLY TO TELL HOW THEY WILL EVOLVE, THE GRN SO FAR HAS BEEN CAREFUL, CORRECT AND FAIRLY RESPONSIVE IN ITS DEALINGS WITH THE UNITED STATES.

(U) THE GRN HAS INVITED OAS FOREIGN MINISTERS AND THE INTER-AMERICAN COMMISSION ON HUMAN RIGHTS TO VISIT NICARAGUA AND HAS PROMISED TO DISCOURAGE INDISCRIMINATE REPRISALS. IT HAS PLEDGED TO HOLD CITY COUNCIL ELECTIONS, A CONSTITUTIONAL CONVENTION AND NATIONAL ELECTIONS BUT HAS NOT ANNOUNCED A TIMETABLE.

(LOU) NICARAGUA FACES CONSIDERABLE PHYSICAL DEVASTATION, ECONOMIC DISLOCATION AND PERSONAL SUFFERING. WE ARE RESPONDING PROMPTLY TO REQUESTS FOR HUMANITARIAN RELIEF AND ALREADY HAVE APPROVED THE DIVERSION OF 2,225 TONS OF PL 480 COMMODITIES FROM THE UNITED STATES, GUATEMALA, COSTA RICA, AND EL SALVADOR. TO DATE, SOME 640 TONS HAVE BEEN AIRLIFTED INTO MANAGUA BY THE ICRC AND THE U.S.

4. (U) ARA - PANAMA CANAL TREATY LEGISLATION

(LOU) THE SENATE WILL BEGIN FLOOR DEBATE THIS WEEK ON LEGISLATION TO IMPLEMENT THE PANAMA CANAL TREATIES, WHICH ENTER INTO FORCE ON OCTOBER 1. THE SENATE ARMED SERVICES COMMITTEE ADOPTED A BILL SIMILAR TO THE ADMINISTRATION PROPOSAL, WHILE THE HOUSE BILL CONTAINS PROVISIONS WHICH ARE INCONSISTENT WITH THE TREATIES. THE SENATE WILL PROBABLY ADOPT THE ARMED SERVICES COMMITTEE BILL, SETTING THE STAGE FOR A TOUGH FIGHT IN CONFERENCE. TIME IS NOW CRITICAL, WITH THE AUGUST CONGRESSIONAL RECESS CONSUMING NEARLY HALF THE REMAINING PERIOD UNTIL OCTOBER 1.

5. (U) AF - OAU SUMMIT: PRELIMINARY CONCLUSIONS (GDS 7/25/85)

(C) CHAD WAS IN MANY RESPECTS THE MOST INTERESTING ISSUE OF THE OAU CONFERENCE, AS IT COMBINED THE ISSUE OF FOREIGN TROOPS WITH THAT OF AN EMERGING "SUPERPOWER," NIGERIA, PRESSURING OTHER STATES INTO AN UNPRECEDENTED REFUSAL TO RECOGNIZE A DELEGATION ON THE GROUNDS THAT IT WASN'T "REPRESENTATIVE."

(C) IN GENERAL, THE MODERATES CONDUCTED THEMSELVES WITH

CONFIDENCE AND PURPOSE, AND WITH LITTLE CONCERN FOR THE OPINIONS OF THE RADICALS. THE HARDCORE RADICALS--BENIN, MADAGASCAR, ANGOLA, CONGO, ETHIOPIA--SEEMED IN FACT TO BE LITTLE MORE THAN A SIDE SHOW AT THE CONFERENCE, LIBYA REMAINING RESTRAINED THROUGHOUT.

(C) TANZANIA'S INVASION OF UGANDA THREW THE WEAKNESSES OF THE OAU CHARTER INTO HIGH RELIEF. ALTHOUGH DEBATE ON THE SUBJECT WAS HALTED ABRUPTLY BY THE SUMMIT (PRESUMABLY AT THE URGING OF PRESIDENT TOLBERT, THE CHAIRMAN), ITS IMPORTANCE WAS CLEARLY RECOGNIZED, BUT IT ESCAPED WITHOUT SERIOUS DAMAGE.
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(C) THE NECESSITY OF RE-EXAMINING THE CHARTER RECEIVED CONSIDERABLE ATTENTION. SUDAN'S NIMEIRI PROPOSED THAT THE OAU REMEDY ITS WEAKNESS IN CRISIS MANAGEMENT BY CREATING A COUNCIL OF FIVE HEADS OF STATE ABLE TO INTERCEDE IN CONFLICTS WITH THE POWER TO MAKE DECISIONS BINDING ON THE PARTIES. HOWEVER, THE OAU FUNCTIONS QUITE ADEQUATELY AS A FORUM, AND ITS MEMBERS WILL HAVE MORE THAN A FEW SECOND THOUGHTS ABOUT GIVING IT ANY EXECUTIVE AUTHORITY.

(C) IT MAY BE THAT THE PAST YEAR HAS MARKED A TURNING POINT FOR THE OAU IN ITS CONSIDERATION OF ECONOMIC ISSUES. THE DISMAL ECONOMIC SITUATION IN AFRICA HAS BEEN FOCUSED UPON AND DISCUSSED PUBLICLY WITH UNFLINCHING REALISM. THERE SEEMS TO BE A WILL TO ADDRESS ECONOMIC ISSUES IN A SERIOUS WAY, AND A REALIZATION THAT THE OAU JUST MIGHT BE A USEFUL INSTRUMENT IN THIS REGARD. WITHIN THE NEXT THREE MONTHS WE MAY SEE A SUMMIT ON ECONOMIC ISSUES IN LAGOS, AND THE BEGINNING OF ATTEMPTS TO TURN THE PIETY INTO A WORKING PROGRAM.

(C) FOR THE FIRST TIME THERE WAS A GENERAL ACKNOWLEDGEMENT DURING THESE MEETINGS THAT THE HUMAN RIGHTS SITUATION IN AFRICA IS NOT UNIFORMLY IDEAL. A RESOLUTION ON A HUMAN RIGHTS CHARTER FOR AFRICA WAS ADOPTED. THE CONCEPT OF HUMAN RIGHTS HAS DEFINITELY ARRIVED IN AFRICA.

6. (U) INR - POLAND: MASSIVE GRAIN IMPORT REQUIREMENTS (GDS 7/25/85)

(C) PLAGUED BY MONTHS OF BAD WEATHER, THE POLISH GRAIN CROP NOW BEGINNING TO BE HARVESTED COULD WELL BECOME ONE OF THE WORST IN RECENT YEARS. AT THE EXPENSE OF ITS ALREADY WORSENING FINANCIAL POSITION, WARSAW INTENDS TO OFFSET THE HARVEST SHORTFALL WITH LARGE-SCALE GRAIN AND FEED IMPORTS. THE GRAIN IS NEEDED TO SUPPORT THE CONTINUED EXPANSION OF LIVESTOCK HERDS--A TOP GOVERNMENT PRIORITY. WARSAW, HOWEVER, MAY NOT OBTAIN THE DOLS 1.5 BILLION IN GRAIN CREDITS IT WILL REQUIRE TO STAVE OFF A DECLINE IN DOMESTIC MEAT PRODUCTION NEXT YEAR.

(U) PARTY LEADER GIEREK INDICATED LAST MONTH THAT, OWING TO THE POOR HARVEST OUTLOOK, WARSAW PLANS TO STEP UP ITS GRAIN AND FEED IMPORTS BY ALMOST 1 MILLION METRIC TONS--TO 8 MMT--PROBABLY DURING THE CURRENT MARKETING YEAR (JULY-JUNE). WORLD GRAIN PRICES HAVE RISEN 40-50 PERCENT OVER THE LAST YEAR, AND ONLY SMALL QUANTITIES OF GRAIN WILL BE AVAILABLE FROM THE USSR. POLISH HARD-CURRENCY COSTS FOR THE DESIRED GRAIN AND FEED IMPORTS CONSEQUENTLY WILL RISE

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R PIDLY THIS MARKETING YEAR TO ABOUT DOLS 1.5 BILLION (FROM LESS THAN THAN DOLS 1 BILLION LAST YEAR).

(C) SINCE OTHER WESTERN COUNTRIES CAN PROVIDE LITTLE ADDITIONAL GRAIN, MUCH OF POLAND'S IMPORTS MUST COME FROM THE US--ABOUT 3 MMT OF GRAIN AND SUBSTANTIAL QUANTITIES OF PROTEIN FEED. THE POLES RECENTLY REQUESTED DOLS 700 MILLION IN FY80 CCC CREDITS TO FINANCE SUCH IMPORTS BUT REDUCED THE REQUEST TO DOLS 500 MILLION WHEN THE USDA POINTED OUT OUR LACK OF FUNDS. THE FY80 CCC BUDGET HAS BEEN CUT IN EALF FROM THE FY79 LEVEL TO DOLS 800 MILLION.

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(C/NF) ACCORDING TO US BANKERS, WARSAW IS PREPARING TO DRAW ON ITS DOLS 100 MILLION LINE OF CCC GUARANTEES AND WILL REQUEST STILL MORE. WARSAW HAD BEEN RELUCTANT TO USE THE GUARANTEE PROGRAM, WHICH IS CURRENTLY LIMITED TO A TOTAL EXPOSURE OF DOLS 600 MILLION WORLDWIDE, BECAUSE OF THE HIGHER INTEREST CHARGES INVOLVED.

(C) POLISH GRAIN CREDIT REQUIREMENTS THUS APPEAR TO EXCEED SUBSTANTIALLY THE WESTERN GOVERNMENT FINANCING (INCLUDING CCC CREDITS AND GUARANTEES) LIKELY TO BE AVAILABLE. MOREOVER, WARSAW MAY NOT BE ABLE TO TURN TO WESTERN BANKS TO MAKE UP THE DIFFERENCE, BECAUSE PRIVATE LENDERS ARE INCREASINGLY CONCERNED ABOUT WARSAW'S ABILITY TO SERVICE ITS DEBTS.

7. (U) INR - CHINESE JOINT VENTURE LAW CHALLENGES INGENUITY, FLEXIBILITY OF WOULD-BE PARTNERS

(LOU) CHINA'S NEW JOINT VENTURE LAW--WHILE SILENT ON MANY AREAS OF IMPORTANCE TO POTENTIAL INVESTORS--PLACES A MINIMUM OF RESTRAINTS ON JOINT VENTURES WHICH MIGHT ATTRACT FOREIGN CAPITAL, MANAGEMENT, AND TECHNOLOGY TO CHINA. IT ALSO LEAVES WIDE LATITUDE FOR NEGOTIATION OF THE TERMS OF INDIVIDUAL VENTURES. CHINA, HOWEVER, AS ANY LDC, WILL BE SENSITIVE TO THE APPEARANCE OF EXPLOITATION BY FOREIGNERS, AND INVESTORS ARE LIKELY TO BE SUBJECT TO IDEOLOGICAL SNIPING AS THEY NEGOTIATE WITH THE BUREAUCRACY.

(U) THE LAW APPEARS FLEXIBLE AND CLEARLY REFLECTS BENEFIT FROM THE EXPERIENCE OF OTHER COUNTRIES, NOTABLY YUGOSLAVIA, WITH SUCH LEGISLATION. AMONG THE INCENTIVES OFFERED TO ATTRACT FOREIGN PARTNERS ARE:

--PARTICIPATION IN MANAGEMENT, INCLUDING PRODUCTION DECISIONS;

--NO STATED MAXIMUM PARTICIPATION IN EQUITY BY A FOREIGN PARTNER (MINIMUM PARTICIPATION IS SET AT 25 PERCENT);

--PROTECTION OF EQUITY, REPATRIATION OF PROFITS, AND TAX AND REINVESTMENT INCENTIVES; AND

--PERMISSION TO USE IMPORTED RAW MATERIALS (WITH SOME "BUY CHINA" PREFERENCES) AND TO SELL THE PRODUCT WITHIN CHINA.

IMPORTANT LIMITATIONS INCLUDE:

--CHINESE APPOINTMENT OF THE CHAIRMAN OF THE BOARD OF A VENTURE, ENSURING PARTNERSHIP (I.E., CONSENSUS) RATHER

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HAN CORPORATE (VOTING SHARES) MANAGEMENT DECISIONS; AND

--A UNIQUE PROHIBITION--WITH PENALTIES--ON THE SUPPLYING OF OBSOLETE TECHNOLOGY (WHICH COULD CONCEIVABLY CONFLICT WITH US EXPORT CONTROL LAWS AND POLICIES IN SOME CASES).

(LOU) A NEWLY CREATED FOREIGN INVESTMENT CONTROL COMMISSION--TO BE HEADED BY A WELL-KNOWN PRE-1949 INDUSTRIALIST--WILL REVIEW JOINT VENTURE AGREEMENTS, PRESUMABLY AS THEY RELATE TO CHINA'S ECONOMIC DEVELOPMENT PLANS. THE CREATION OF A SUBSTANTIAL PRIVATE SECTOR WILL INTRODUCE PROBLEMS THE HIDEBOUND CHINESE BUREAUCRACY HAS NEVER
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ENCOUNTERED BEFORE, AND THE FIRST FEW JOINT VENTURES WILL PROBABLY FACE MANY ADMINISTRATIVE PROBLEMS.

8. (LOU) EB - COMMODITY NEGOTIATIONS: NO SUMMER DOLDRUMS

(LOU) THIS SUMMER IS WITNESSING AN UNUSUALLY HIGH LEVEL OF ACTIVITY BOTH INTERNATIONALLY AND IN WASHINGTON ON OUTSTANDING COMMODITY ISSUES. THE MOST SIGNIFICANT DEVELOPMENTS INCLUDE:

-- COMMON FUND: UNCTAD-SPONSORED NEGOTIATIONS RESUME IN SEPTEMBER LOOKING TOWARDS CREATION OF THE COMMON FUND. IN TWO MEETINGS THIS MONTH, THE OECD'S AD HOC GROUP ON THE COMMON FUND IS REVIEWING DRAFT ARTICLES OF AGREEMENT PREPARED BY THE UNCTAD SECRETARIAT AND BASED ON THE FRAMEWORK AGREEMENT REACHED IN GENEVA LAST MARCH. THE U.S. REMAINS OPTIMISTIC THAT A VIABLE COMMON FUND CAN BE ESTABLISHED IN THE NEAR FUTURE--BUT A NUMBER OF POTENTIALLY DIFFICULT QUESTIONS REMAIN TO BE RESOLVED, INCLUDING THAT OF BLOC VOTING SHARES AND THE EXACT NATURE AND FINANCING OF THE FUND'S PROJECTED "SECOND WINDOW" FOR COMMODITY MEASURES OTHER THAN STOCKING.

-- COCOA: NEGOTIATIONS ARE NOW UNDER WAY TO DRAFT A NEW INTERNATIONAL AGREEMENT. PROGRESS HAS BEEN SLOW THUS FAR, WITH SUBSTANTIAL DIFFERENCE ON PRICE BETWEEN PRODUCING AND CONSUMING NATIONS. THE U.S. WAS NOT A MEMBER OF THE LAST COCOA AGREEMENT BUT HOPES TO BE ABLE TO JOIN THIS TIME. OUR ENTRY DEPENDS IN LARGE PART ON THE EVENTUAL STRUCTURE THAT A RENEGOTIATED COCOA AGREEMENT WILL TAKE. THE U.S. HAS ENCOURAGED INCREASED RELIANCE ON THE COCOA BUFFER STOCK RATHER THAN EXPORT CONTROLS AS A CENTRAL FEATURE OF ANY FUTURE AGREEMENT.

-- TIN: GSA STOCKPILE LEGISLATION HAS PASSED THE HOUSE, PROVIDING FOR DISPOSAL OF 35,000 TONS. FIVE THOUSAND TONS OF THIS WOULD GO TO THE INTERNATIONAL TIN BUFFER STOCK IN FULFILLMENT OF A 1977 PLEDGE MADE BY SECRETARY VANCE. THE BILL IS CURRENTLY UNDER COMMITTEE STUDY IN THE SENATE, WITH PROSPECTS FOR FLOOR ACTION AFTER THE AUGUST RECESS. AT THE SAME TIME, INTERNATIONAL TIN COUNCIL MEETINGS WHICH CONCLUDED LAST WEEK RAISED FLOOR, CEILING AND INTERVENTION PRICES SUBSTANTIALLY, OVER THE OBJECTION OF SEVERAL CONSUMING COUNTRIES INCLUDING THE U.S. THE ITC MEETING ALSO CONTINUED PREPARATORY WORK LOOKING TOWARDS NEGOTIATION OF A

SIXTH INTERNATIONAL TIN AGREEMENT NEXT YEAR.

-- SUGAR: U.S. RATIFICATION OF THE INTERNATIONAL SUGAR AGREEMENT (ISA) IS STILL BEING HELD UP PENDING ENACTMENT OF AN ACCEPTABLE DOMESTIC SUGAR SUPPORT PROGRAM. WORK ON SUCH A PROGRAM IS MOVING SLOWLY BUT A BILL SHOULD REACH THE HOUSE FLOOR BY SEPTEMBER. THE ADMINISTRATION HAS ASSURED ISA MEMBER COUNTRIES THAT THE AGREEMENT REMAINS A KEY PART OF U.S. SUGAR POLICY AND HAS USED EXISTING AUTHORITY TO RESTRICT SUGAR IMPORTS FROM NON-ISA SUPPLIERS AS WELL AS PAY OUR 1978 CONTRIBUTION TO THE ORGANIZATION.
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-- RUBBER: THE THIRD SESSION OF THE U.N. NEGOTIATING CONFERENCE ON NATURAL RUBBER MADE GOOD PROGRESS BUT ADJOURNED WITHOUT COMPLETING A FINAL TEXT ON THE FIRST INTERNATIONAL RUBBER AGREEMENT. THE MAJOR UNRESOLVED ISSUE IS FINANCING OF THE 550,000 TON BUFFER STOCK. THE CONFEREES AGREED THAT NEGOTIATIONS WOULD BE RESUMED "NOT LATER THAN SEPTEMBER 1979". WE BELIEVE THAT THE WORKABLE AGREEMENT WHICH IS IN SIGHT WILL MARK A SIGNIFICANT STEP IN OVERALL NORTH-SOUTH COMMODITY DISCUSSIONS.

-- COPPER: THE UNCTAD EXPERTS GROUP MEETING IN LATE JUNE-EARLY JULY CONTINUED TECHNICAL STUDY OF COPPER STABILIZATION MEASURES, BUT WAS UNABLE TO ISSUE RECOMMENDATIONS. DISCUSSION CENTERED ON BUFFER STOCK SCHEMES, WITH THE U.S. ALONE VIEWING A PURE BUFFER STOCK APPROACH AS POTENTIALLY FEASIBLE. THE NEXT PREPARATORY MEETING IS SCHEDULED FOR SEPTEMBER. THE U.S. CONTINUES WILLING TO DISCUSS POSSIBLE STABILIZATION ALTERNATIVES IN THIS FORUM, WITHOUT MAKING A JUDGEMENT FOR NOW ON WHETHER A SUFFICIENT BASIS EXISTS FOR EVENTUAL NEGOTIATIONS ON AN INTERNATIONAL COPPER AGREEMENT.

9. (U) PA - PUBLIC DOES NOT BELIEVE SALT WILL PERMIT CUTS IN DEFENSE SPENDING

(U) THE AMERICAN PUBLIC IS INCLINED TO BELIEVE THAT RATIFICATION OF SALT WOULD NOT WARRANT A REDUCTION IN U.S. DEFENSE SPENDING. EVEN SUPPORTERS OF THE TREATY DO NOT ENVISAGE IT AS A MEANS OF CUTTING THE DEFENSE BUDGET.

(U) A CBS POLL CONDUCTED IN EARLY JUNE SHOWED A PLURALITY OF THE PUBLIC (49 PERCENT) REJECTED THE IDEA THAT PASSAGE OF THE TREATY WOULD PERMIT CUTS IN DEFENSE SPENDING. OPPOSITION TO DEFENSE CUTS CAME FROM SUPPORTERS OF SALT AS WELL AS FROM THOSE WHO OPPOSED THE TREATY. CBS ASKED THIS QUESTION:

"IF THERE IS A SALT TREATY WITH THE SOVIET UNION, DO YOU THINK THE UNITED STATES SHOULD OR SHOULD NOT CUT DEFENSE SPENDING?"

		OPINION ON SALT		
	TOTAL PUBLIC	FAVOR	OPPOSE	UNDECIDED,

		(27 PERCENT OF PUBLIC)	(9 PERCENT)	NO OPINION (64 PERCENT)
		(IN PERCENT)		
CUT DEFENSE SPENDING				
SHOULD NOT	49	54	73	43
SHOULD	34	41	25	33
NO OPINION	17	5	2	24

(U) THE 34 PERCENT OF THE PUBLIC WHO WERE DISPOSED TO CUTTING DEFENSE SPENDING IF SALT WERE RATIFIED IS
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ABOUT TWICE AS LARGE AS THE PROPORTION THAT FAVORED REDUCED DEFENSE SPENDING ON A DIFFERENT QUESTION ASKED BY CBS IN JANUARY. CBS ASKED: "SHOULD FEDERAL SPENDING ON MILITARY AND DEFENSE PROGRAMS BE INCREASED, BE REDUCED, OR KEPT ABOUT THE SAME?"

INCREASED	34
KEPT SAME	47
REDUCED	16
NO OPINION	3

(U) WE DO NOT BELIEVE THAT THE PUBLIC'S ATTITUDES TOWARD DEFENSE SPENDING HAVE SUBSTANTIALLY ALTERED SINCE JANUARY. THE LARGER PROPORTION IN FAVOR OF REDUCED DEFENSE SPENDING ON CBS' JUNE POLL CAN BE EXPLAINED BY TWO MAJOR DIFFERENCES IN THE WORDING OF THE QUESTIONS: (1) IN JUNE, CBS ASKED ABOUT CUTTING DEFENSE SPENDING IN CASE OF SALT RATIFICATION, IN CONTRAST TO A MORE NEUTRAL QUESTION USED IN JANUARY; AND (2) CBS' JUNE POLL OFFERED RESPONDENTS ONLY TWO OPTIONS--CUTTING OR NOT CUTTING DEFENSE SPENDING. SOME OF THOSE WHO SAID IN JUNE THAT THE U.S. "SHOULD CUT" DEFENSE SPENDING MIGHT HAVE RESPONDED "KEEP SPENDING THE SAME," IF THEY HAD BEEN GIVEN THREE ALTERNATIVES AS IN JANUARY.

(U) THE DESIRE TO CUT MILITARY SPENDING HINGES LESS ON PASSAGE OF SALT THAN ON THE PUBLIC'S VIEWS OF HOW U.S. MILITARY POWER WILL COMPARE WITH THAT OF THE USSR AFTER SALT. THOSE WHO EXPECT SALT TO LEAVE THE U.S. AND THE USSR ABOUT EQUAL MILITARILY ARE EVENLY DIVIDED ON WHETHER TO CUT THE DEFENSE BUDGET. THOSE WHO EXPECT THE U.S. TO BE WEAKER AFTER SALT OPPOSE DEFENSE CUTS BY NEARLY THREE-TO-ONE.

10. (U) EA - GENEVA REFUGEE CONFERENCE (GDS 7/25/85)

(C) THE UN CONFERENCE ON INDOCHINESE REFUGEES CALLED FOR BY UN SECRETARY GENERAL WALDHEIM AND HELD IN GENEVA JULY 20-21 MADE SUBSTANTIAL PROGRESS TOWARD ITS HUMANITARIAN OBJECTIVES. IT REMAINS TO BE SEEN, HOWEVER, WHETHER VIETNAM WILL PROVIDE THE PROTECTION OF HUMAN RIGHTS AND LIVELIHOOD FOR ITS PEOPLE AND WHETHER IT IS WILLING TO SEEK A POLITICAL RATHER THAN MILITARY SOLUTION IN KAMPUCHEA.

(C) THE UNITED STATES ROLE WAS CENTRAL TO THE SUCCESS. VICE PRESIDENT MONDALE LED A DISTINGUISHED GROUP OF GOVERNERS, CONGRESSMEN AND LEADERS FROM THE PRIVATE SECTOR TO THE CONFERENCE. IN HIS ELOQUENT SPEECH AND PRIVATE

MEETINGS WITH FIFTEEN FOREIGN MINISTERS AND SECRETARY GENERAL WALDHEIM, THE VICE PRESIDENT MADE IT STARKLY CLEAR THAT THE TIME HAD COME TO CONFRONT THIS TRAGEDY OF AWFUL HUMAN AND POLITICAL PROPORTIONS. HE CHALLENGED OTHERS TO FOLLOW THE EXAMPLE SET BY THE U.S. AND JAPAN IN MAKING CONCRETE SIGNIFICANT OFFERS FOR MORE REFUGEE RESETTLEMENT AND FINANCIAL SUPPORT FOR TEMPORARY ASYLUM. HE EXPLAINED WHAT WE WERE DOING AND WHAT WE THOUGHT OTHERS SHOULD DO IN SEARCH AND RESCUE FOR REFUGEE BOATS IN DISTRESS AND IN PROVIDING FOR ADDITIONAL REFUGEE PROCESSING CENTERS TO LESSEN IMMEDIATE PRESSURES IN FIRST ASYLUM COUNTRIES. HE URGED THAT ALL PRESENT PRESS AHEAD STRONGLY BOTH FOR A
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CHANGE IN VIETNAM'S POLICY TOWARD ITS OWN PEOPLE AND FOR A POLITICAL SOLUTION AND AN END OF CONFLICT IN KAMPUCHEA.

(C) FOLLOWING US LEAD, THE CONFEREES AS A BODY MADE A SUBSTANTIAL HUMANITARIAN GESTURE COMMENSURATE WITH THE PRESIDENT'S TOKYO PLEDGE TO DOUBLE OUR REFUGEE INTAKE FROM 7,000 TO 14,000 A MONTH. THE NATIONS OF THE WORLD AGREED TO INCREASE THE NUMBER OF WORLDWIDE RESETTLEMENT PLACES AVAILABLE FOR REFUGEES FROM ROUGHLY 125,000 TO OVER 260,000. AN ADDITIONAL 190 MILLION DOLS WAS PLEDGED TO SUPPORT THE BUDGET OF THE UN HIGH COMMISSIONER FOR REFUGEES JAPAN PLAYED A VITAL ROLE FINANCIALLY, HAVING PLEDGED AN ADDITIONAL AMOUNT OF 50 PERCENT OF THE UNHCR SOUTHEAST ASIA PROGRAM BUDGET. THE PHILIPPINES MADE ANOTHER EXTRAORDINARY GESTURE IN OFFERING A SITE FOR A REFUGEE PROCESSING CENTER TO ACCOMMODATE 50,000 REFUGEES WHICH WILL HELP RELIEVE PRESSURES ON MALAYSIA AND THAILAND.

(C) MUCH REMAINS TO BE DONE NOT ONLY ON THE HUMANITARIAN SIDE BUT ALSO ON THE POLITICAL QUESTION WHETHER VIETNAM CAN BE PERSUADED TO PROVIDE ITS PEOPLE REASONABLE ALTERNATIVES WHICH DO NOT FORCE THEM TO FLEE AND TO REGULARIZE THE FLOW OF THOSE WHO WISH TO LEAVE. WE HAVE NOT YET LEARNED THE

DETAILS OR SIGNIFICANCE OF THE VIETNAMESE INDICATION TO SECRETARY GENERAL WALDHEIM THAT THEY WOULD STOP "ILLEGAL DEPARTURES" FOR A "REASONABLE TIME." WE HAVE RESERVATIONS ABOUT VIETNAM'S INTENTIONS BUT HANOI IS COMING UNDER GROWING PRESSURE FROM WORLD OPINION. WE REMAIN INTERESTED IN THE POSSIBILITIES OF A SECURITY COUNCIL SESSION ON THE OVERALL SITUATION IN INDOCHINA, I.E., INCLUDING THE POSSIBILITY OF A POLITICAL SETTLEMENT IN KAMPUCHEA. WE WILL BE CONSULTING WITH OTHER GOVERNMENTS AND CAREFULLY REVIEWING THE SITUATION IN THE REGION AS WE DECIDE HOW TO PROCEED. VANCE
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INFO RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2540
RUEKJCS/DOD/ISA PRIORITY
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S E C R E T SECTION 01 OF 03 STATE 193402/01

29-Jul 79

E.O. 12065:GDS 7/25/85 (ROBERTS, SAMUEL)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 860 - JULY 25, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHOD INVOLVED NOT RELEASABLE TO FOREIGN NATIONALS

(PARAGRAPHS 1-8 CONFIDENTIAL)

1. BEGIN'S CURRENT ILLNESS INEVITABLY RAISES THE ISSUE OF THE SUCCESSION. WHILE BEGIN MAY WELL BE ABLE TO RETURN TO OFFICE AND THE FULL EXERCISE OF HIS DUTIES, IT IS ALSO NOT IMPOSSIBLE THAT HE MIGHT BE PARTIALLY OR COMPLETELY INCAPACITATED IN THE NEAR FUTURE. IN THAT EVENT, MINISTER OF DEFENSE WEIZMAN HAS THE BEST CHANCE TO EMERGE AS THE SUCCESSOR IN A BITTERLY CONTESTED STRUGGLE.

2. UNDER ISRAELI LAW, THE DEATH OR RESIGNATION OF THE PRIME MINISTER AUTOMATICALLY CONSTITUTES THE RESIGNATION OF THE ENTIRE CABINET. IN THESE CIRCUMSTANCES, HOWEVER, IT WOULD CONTINUE TO SERVE IN A CAREAKER CAPACITY UNTIL A NEW GOVERNMENT CAN BE FORMED. SHOULD BEGIN RESIGN BECAUSE OF ILL-HEALTH, OR SHOULD HE DIE, DEPUTY PRIME MINISTER YADIN WOULD SERVE AS CARETAKER. SHOULD AN INCAPACITATED BEGIN DECLINE TO RESIGN, YADIN WOULD NOMINALLY ACT IN BEGIN'S STEAD. IN THAT CASE, MAJOR POLICY DECISIONS WOULD BE A VIRTUAL IMPOSSIBILITY.

3. IF BEGIN LEAVES THE SCENE, THE MOST IMMEDIATE QUESTION WOULD BE WHETHER THE COALITION COULD REMAIN INTACT, THEREBY OBVIATING THE NEED FOR NEW ELECTIONS. THE SECOND PRESSING QUESTION WOULD BE THE RESOLUTION OF THE COMPETITION FOR THE SUCCESSION.

4. THE PROSPECTS ARE THAT THE COALITION WOULD SURVIVE FOR A TIME AT LEAST. TENSIONS WITHIN THE COALITION, HOWEVER, HAVE BEEN ENDEMIC. BEGIN HAS BEEN AØLE TO

CONTAIN THEM THANKS TO HIS UNIQUE STANDING WITHIN HERUT, HIS RELATIONSHIP WITH EHRLICH, AND HIS RESIDUAL CREDIBILITY WITH THE NATIONAL RELIGIOUS PARTY (NRP). ANY SUCCESSOR WOULD HAVE CONSIDERABLE DIFFICULTY IN KEEPING THE COALITION TOGETHER. THERE IS A GREAT DEAL OF HOSTILITY BETWEEN HERUT AND THE LIBERAL PARTY, AND SHARP POLICY DIFFERENCES AS WELL.

5. WITHIN THE NRP, THERE ARE MANY WHO WOULD BE PLEASED TO RETURN TO THE HISTORIC CONNECTIO' WITH LABOR. EVEN WITHIN THE RANKS OF THOSE WITHIN THE NRP WHO PROMOTED THE ESTABLISHMENT OF THE COALITION WITH THE LIKUD, DISGRUNTLEMENT IS DEEP AND WIDESPREAD.

6. IF BEGIN'S SUCCESSOR WERE UNABLE TO KEEP THE COALITION TOGETHER, NEW ELECTIONS WOULD PROBABLY BE UNAVOIDABLE. THEY WOULD BE LIKELY TO FAVOR LABOR. A NEW LABOR-LED COALITION, HEADED BY PERES, COULD RESULT, PROVIDED THAT PERES WERE ABLE TO PROVIDE MINIMAL SATISFACTION TO THE NRP ON THE ISSUES OF THE WEST BANK AND SETTLEMENTS.

7. IF THE COALITION HUNG TOGETHER, THE KEY QUESTION WOULD BE WEIZMAN'S ABILITY TO SECURE THE SUCCESSION. ALTHOUGH VERY POPULAR WITH THE MAN IN THE STREET, WEIZMAN'S DOVISH STA'CE HAS CREATED WIDESPREAD ANTAGONISM WITHIN HERUT. POSSIBLE ALTERNATIVES TO WEIZMAN--MINISTER OF AGRICULTURE SHARON, KNESSET SPEAKER YITZHAK SHAMIR, OR

CHAIRMAN OF THE KNESSET DEFENSE AND FOREIGN AFFAIRS COMMITTEE MOSHE ARENS--ALL HAVE STRIKES AGAINST THEM. NEVERTHELESS, EACH HAS A REASONABLE CHANCE TO SUCCEED.

8. IT IS ALSO POSSIBLE THAT A DARK HORSE WOULD PREVAIL, AS WAS THE CASE WITH THE SUCCESSOR TO LEVI ESHKOL IN 1969. INDEED, A PUBLIC OPINION POLL CONDUCTED SEVERAL WEEKS BEFORE ESHKOL'S DEATH SHOWED THAT LESS THAN 1 PERCENT FAVORED MRS. MEIR, WHO SUCCEEDED HIM.

9. (U) ISRAELI COURT-SETTLEMENT ACTIVITY: AP REPORTED THAT THE ISRAELI SUPREME COURT JULY 24 ORDERED A HALT TO PRELIMINARY WORK ON A NEW JEWISH SETTLEMENT NEAR BETHLEHEM. ARAB FARMERS HAD COMPLAINED TO THE COURT THAT THE MILITARY GOVERNMENT WAS MEASURING 50 ACRES OF LAND FOR EVENTUAL CONSTRUCTION OF A NEW SETTLEMENT CALLED EFRAT. NEWS REPORTS SAID ABOUT 100 ORTHODOX JEWISH FAMILIES, MOSTLY FROM THE US, WERE WAITING TO MOVE INTO EFRAT. RADIO ISRAEL SAID THE ATTORNEY FOR THE GOVERNMENT DID NOT OPPOSE THE INJUNCTION BUT IS AWAITING A DEFINITIVE COURT DECISION ON THE LEGALITY OF SUCH LAND SEIZURES. TWO SIMILAR CASES ARE BEFORE THE SUPREME COURT INVOLVING THE VILLAGE OF SALFIT AND THE JEWISH SETTLEMENT OF ELON MOREH NEAR NABLUS. IN EACH CASE THE MILITARY GOVERNMENT MUST PROVE THAT THE NEW SETTLEMENT IS ESSENTIAL TO ISRAELI SECURITY. IN A LANDMARK DECISION BT
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26 Jul 79

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PP RUQMHR
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FM SECSTATE WASHDC
TO INTSUM COLLECTIVE PRIORITY
INFO RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2541
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S E C R E T SECTION 02 OF 03 STATE 193402/02

EARLIER THIS Y:AR, TH- COURT RULED THAT THE MILITARY GOVERNMENT HAD THE RIGHT TO REQUISITION PRIVATE LAND FOR CIVILIAN SETTLEMENT IF TH SETTLEMENT CLEARLY SERVED STATE SECURITY. MEANWHILE, REUTE, REPORTED THAT ABOUT 200 BEDOUIN DEMONSTRATED JULY ,4 IN JERUSALEM AGAINST WHAT THEY CLAIMED WAS INADEQUATE COMPENSATION FOR GOVERNMENT SEIZURE OF THEIR PASTURE LAND.

10. (U) ISRAEL-PRESS REVIEW: ON JULY 24, THE ISRAELI MEDIA HIGHLIGHTED DEPARTMENT SPOKESMAN HODDING CARTER'S 'STRONGEST CONDEMNATION TO DATE" AND "EXCEPTIONALLY SHARP REACTION, TO ISRAEL'S AIR ATTACKS AGAINST SOUTH LEBANON. ALSO PROMINENTLY FEATURED IS THE "OPEN CLASH' BETWEEN WASHINGTON AND JERUSALEM OVER THE STATIONING OF SINAI OBSERVERS. DAVAR'S POLITICAL CORRESPONDE T WRITES THAT ,THE DECISION TO OPPOSE THE STATIONING OF UN OBSERVERS IN THE SINAI...WAS TAKEN AT FOREIGN MINISTER DAYAN'S DEMAND AND IN THE ABSENCE OF DEFENSE MINISTER EZER WEIZMAN. IT REPRESENTS A CHANGE IN THE POSITION PREVIOUSLY ADOPTED BY GOVERNMENT ELEMENTS IN CONTACTS WITH THE UNITED STATES. HOWEVER, AL-HAMISHMAR CITES INFORMED SOURCES SAYING THAT BEGIN AND DAYAN ALREADY MADE ISRAEL'S POSITION CLEAR TO THE US ASSISTANT SECRETARY OF STATE

FOR INTERNATIONAL ORGANIZATIONS THREE MONTHS AGO DURING HIS VISIT TO ISRAEL.

11. (U) WEIZMAN-HASSAN ALI: ISRAELI DEFENSE MINISTER EZER WEIZMAN AND HIS EGYPTIAN COUNTERPART, KAMAL HASSAN ALI, WILL MEET NEXT WEEK IN HAIFA TO DISCUSS JOINT SECURITY ISSUES, ACCORDING TO AN EGYPTIAN DEFENSE MINISTRY ANNOUNCEMENT. THE EGYPTIAN ANNOUNCEMENT ALSO SAID THE TWO MEN WOULD DISCUSS ARRANGEMENTS FOR DEPLOYING A UN FORCE IN THE SINAI, ONCE THE TWO SIDES REACHED AGREEMENT ON THE ISSUE. IT IS ALSO REPORTED THAT GENERAL ALI WILL MAKE AN EXPLORATORY TOUR OF THE WEST BANK AND ARAB JERUSALEM DURING THE VISIT PREPARATORY TO DISCUSSING SECURITY

ARRANGEMENTS DURING THE AUTONOMY NEGOTIATIONS.

12. (U) SADAT-UN-SINAI: SADAT SAID JULY 24 THAT THE US, EGYPT AND ISRAEL WOULD SOON AGREE TO A FORMULA FOR MAINTAINING A UN PRESENCE IN THE SINAI. "I DON'T SEE IT AS A MATTER OF DIFFERENCE AND IT SHOULD NOT BE," SADAT SAID AFTER MEETING WITH VISITING ISRAELI LABOR PARTY LEADER SHIMON PERES.

13. (U) EGYPT-AUTONOMY NEGOTIATIONS: ACCORDING TO CAIRO RADIO, MINISTER OF STATE BUTRUS GHALI HELD A PRESS CONFERENCE IN GENEVA JULY 23, DURING WHICH HE SAID THAT IF AUTONOMY TALKS DO NOT ACHIEVE TANGIBLE RESULTS IN THE NEXT FEW MONTHS, IT WOULD BE NECESSARY TO FIND OTHER DIPLOMATIC MEANS. HE NOTED THAT IN HIS SPEECH IN MONROVIA, PRESIDENT SADAT SAID EGYPT IS PREPARED TO CALL FOR AN INTERNATIONAL CONFERENCE IN AL-ARISH WITH THE PARTICIPATION OF THE UNITED STATES AND THE SOVIET UNION IN ORDER TO REACH A NEW FORMULA FOR SOLVING THE PALESTINE PROBLEM. BUTRUS GHALI WAS REPLYING TO A QUESTION CONCERNING VICE PRESIDENT MUBARAK'S SPEECH THE PREVIOUS DAY IN WHICH HE WARNED OF SERIOUS DIFFICULTIES IF AUTONOMY N-GOTIATIONS DO NOT ACHIEVE SPECIFIC RESULTS BEFORE THE END OF THE YEAR.

14. (C) USUN VOTE-ARAB REACTIONS: IN COMMENTING BEFORE THE SECURITY COUNCIL ON THE VOTE ON UNSC RESOLUTION 452 ON ISRAELI SETTLEMENT IN THE OCCUPIED TERRITORIES KUWAITI REPRESENTATIVE BISHARA CALLED THE US POSITION ,DISCOURAGING.- HE STATED THAT IT IS A VOTE THAT MAKES ,THE MODERATE RADICAL, THE RADICAL INSANE, AND THE INSANE BERSERK IN OUR AREA.' HE CLAIMED THAT HE AND OTHER ARAB DELEGATIONS HAD GONE TO GREAT LENGTHS TO TRY TO DRAFT A RESOLUTION THE US WOULD FIND ACCEPTABLE AND CHARGED THAT OUR ABSTENTION WAS DICTATED BY "POWER POLITICS AND WAS "CALLOUS., HE ASSERTED THAT THE US

RARELY VOTED "POSITIVELY" ON MIDDLE EAST ISSUES AT THE UN. SIMILARLY, KING HUSSEIN EXPRESSED TO AMBASSADOR VELIOTES HIS PROFOUND REGRET AND SURPRISE AT OUR ABSTENTION. HE NOTED THAT IT IS IMPOSSIBLE FOR OUR FRIENDS TO UNDERSTAND US FAILURE TO ENDORSE A RESOLUTION WHICH THE ARAB [illegible] SO HARD TO MAKE ACCEPTABLE TO US. [illegible] IN THE AMBASSADOR'S DEFENSE OF THE VOTE.

15. (S) ASSAD-HUSSEIN MEETING: ON JULY 23, KING HUSSEIN GAVE AMBASSADOR V:LIOTES A BRIEFING ON HIS MEETING WITH PRESIDENT ASSAD ON JULY 21. HUSSEIN OBSERVED THAT THE

INTERNAL SYRIAN SITUATION UAS NOT QUITE AS BAD AS HE HAD FEARED. THE ALEPPO MASSACRE HAD SHOCKED ASSAD INTO APPRECIATING THE SEVERITY OF HIS DOMESTIC PROBLEMS. HUSSEIN NOTED THAT THE SYRIANS APPEAR CONVINCED THAT THE ISRAELIS, EGYPTIANS AND THE US WERE MANIPULATING THE ISLAMIC EXTREMISTS IN SYRIA. ASSAD'S THEORY WAS THAT THE US WAS TRYING TO 'AWAKEN THE ISLAMIC GIANT" TO CONFRONT SOVIET GAINS IN AFGHANISTAN AND THE HORN OF AFRICA BUT THAT IN IRAN THINGS HAD GOTTEN OUT OF HAND. ASSAD ALSO RAISED WITH HUSSEIN THE ALLEGATION THAT JORDAN IS HARBORING MUSLIM BROTHERHOOD FANATICS. (THE BROTHERHOOD IS LEGAL IN JORDAN.)

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INFO RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2542
RUFKJCS/DOD/ISA PRIORITY
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S E C R E T FINAL SECTION OF 03 STATE 193402/03

16. (C) EGYPT-:CWA: US MISSION GENEVA REPORTS THAT CONSIDERATION OF AN ECONOMIC COMMITTEE FOR WEST ASIA (ECWA) PROPOSAL TO SUSPEND EGYPT'S MEMBERSHIP HAS BEEN POSTPONED. AT THE SAME TIME, EGYPT'S MEMBERSHIP WAS REAFFIRMED. THE EGYPTIANS ACCEPTED A COMPROMISE RATHER THAN PRESSING FOR A VOTE, HOWEVER, THE US MISSION SAYS THE ISSUE WILL COME UP AGAIN.

17. (U) LEBANON: ISRAEL-INCURSION: AN ISRAELI MILITARY COMMUNIQUE REPORTED THAT AN ISRAELI FORCE ENTERED THE SOUTHERN LEBANESE VILLAGE OF MAJDAL SLIM (IN THE IRISH SECTOR) AND BLEW UP A HOUSE. A MILITARY SPOKESMAN SAID THE HOUSE HAD BEEN USED BY PALESTINIAN GUERRILLAS AS A BASE FOR OPERATIONS AGAINST ISRAELI AND CHRISTIAN VILLAGES. BEIRUT RADIO REPORTS THAT 0130 JULY 24 THE ISRAELI FORCE ENTERED THE TOWN, SEARCHED A NUMBER OF HOUSES, AND DYNAMITED ONE PRIOR TO WITHDRAWING. ISRAELI GROUND FORCES INVADED THE SAME VILLAGE ON JULY 6 AND KILLED SEVERAL MEN.

18. (C/NF) ISRAELI AIR STRIKES-MORE REPORTS: A SOURCE [illegible] CORRESPONDENT CHECKED HOSPITALS IN THE VICINITY OF THE ISRAELI AIR RAIDS JULY 22. HE REPORTEDLY FOUND THREE PALESTINIANS DEAD, AND 15-18 LEBANESE MEN, WOMEN AND CHILDREN DEAD OR INJURED IN THE ATTACK ON SARAFAND. THE SOURCE SAID THE ATTACK HIT AN AREA FILLED WITH CHRISTIANS ON SUNDAY AFTERNOON PICNICS. ACCORDING TO THE SOURCE, THE BRITISH AMBASSADOR TO LEBANON WATCHED THE ATTACKS ON DAMOUR. TWO ISRAELI PLANES MADE FIVE PASSES. SYRIAN AIRCRAFT ARRIVED AFTER THE ISRAELIS HAD GONE.
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C O N F I D E N T I A L SECTION 01 OF 02 STATE 195945/01

E.O. 12065: GDS 7/27/85 (HARRIS, GEORGE)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 862 - JULY 27, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHOD INVOLVED NOT RELEASABLE TO FOREIGN NATIONALS

(PARAGRAPHS 1-10 CONFIDENTIAL)

1. ISRAEL'S ECONOMIC PROBLEMS: DISCONTENT WITH MISMANAGEMENT OF ECONOMIC POLICY HAS FLARED TO A NEW HIGH IN ISRAEL FOLLOWING FAILURE OF A SPECIALLY CONVENED CABINET MEETING LAST WEEK TO TACKLE THE ISSUE OF ELIMINATING CONSUMER SUBSIDIES. THESE SUBSIDIES ARE A MAJOR ELEMENT IN THE SWOLLEN BUDGET DEFICITS-WHICH ARE FUELING ISRAEL'S HYPER-INFLATION. THE ECONOMIC IMPERATIVE-OF ELIMINATING OR-DRASTICALLY CUTTING THEM IS ACKNOWLEDGED BY ALMOST EVERY-ONE IN THE COUNTRY; YET THE GOVERNMENT HAS REMAINED PARALYZED BY PARTISAN INFIGHTING AND FEAR OF POLITICAL

REPERCUSSIONS. ALTHOUGH THE IMMEDIATE ISSUE IS SUBSIDIES, THE LEVEL OF PUBLIC OUTRAGE ULTIMATELY IS DUE TO FRUSTRATION WITH THE LACK OF LEADERSHIP IN ECONOMIC POLICY.

2. THE CABINET -MEETING ON JULY 17 AS ONLY THE LATEST IN A SERIES OF ATTEMPTS BY FINANCE MINISTER EHRLICH TO COME TO-GRIPS WITH ISRAEL'S ECONOMIC PROBLEMS. EHRLICH, HOWEVER, FAILED TO DO HIS HOMEWORK, AND HIS SUPPORT MELTED AWAY EVEN BEFORE THE MEETING BEGAN. AS ARESULT, HE WAS FORCED TO DROP HIS CONCRETE PROPOSALS, AND THE MEETING WAS CONVERTED TO A "THEORETICAL DISCUSSION" OF THE SUBSIDIES ISSUE. IN THE END, THE CABINET DECIDED IN PRINCIPLE TO LET FUEL AND IMPORTED BEEF PRICES RISE BUT REFERRED FURTHER ACTION ON SUBSIDIES IN GENERAL TO A SPECIAL COMMITTEE.

3. DESPITE GALLOPING INFLATION, ISRAELIS AS INDIVIDUALS ARE FARING-WELL. REAL INCOME AND PRIVATE CONSUMPTION CONTINUE TO INCREASE. FULL EMPLOYMENT PREVAILS, WITH LABOR SHORTAGES IN MANY SECTORS. EVEN SO, THE PUBLIC MOOD IS ANXIOUS AND SUSPICIOUS, AND INFLATION RIVALS FORETGN POLICYAS THE LEADING TOPIC OF PUBLIC CONCERN. AT THE SAME TIME, NO ONE IS PREPARED TO ACCEPT AUSTERITY OR SELF-SACRIFICE. EHRLICH HAS-TRIED FOR SIX MONTHS TO SELL ANTI-INFLATION PROGRAMS, BUT THE PACKAGE FINALY ADOPTED IN MAY-CONSISTED OF LITTLE MORE THAN COSMETIC ADJUSTMENTS IN THE BUDGET AND SOME CUTS TN INVESTMENT SUBSIDIES.

4. THE ROOT CAUSES OF ISRAEL'S INFLATION ARE EXCESSIVE GOVERNMENT SPENDING--THE BUDGET APPROXIMATES AND SOMETIMES EXCEEDS THE GROSS NATIONAL PRODUCT--AND A POLICY OF MAINTAINING HIGH LEVELS OF PRIVATE CONSUMPTION. THE INFLATION RATE WAS OVER 40 PERCENT LAST YEAR. IT HAS ACCELERATED SHARPLY IN RECENT MONTHS AND IS NEARING 100 PERCENT AS THE DOMESTIC COSTS OF THE SINAI REDEPLOYMENT P-T ADDITIONAL DEMANDS ON AN ECONOMY IN WHICH NO EXCESS CAPACITY EXISTS.

5. THE PUBLIC SO FAR HAS BEEN LARGELY INSULATED BY A WIDESPREAD SYSTEM OF INDEXATION OF WAGES AND SAVINGS, CONSUMER SUBSIDIES, AND SOCIAL SERVICES. NEVERTHELESS, HYPERFLATION TENDS TO WIDEN THE GAP BETWEEN PROPERTY HOLDERS AND THE POOR, TO DISCOURAGE CAPITAL INVESTMENT, AND TO INCREASE THE TRADE DEFICIT. ISRAEL'S CURRENT ACCOUNT DEFICIT IS GROWING RAPIDLY (TO A PROJECTED $4 BILLION FOR 1979, COMPARED TO $3.4 BILLION IN 1978 AND $2.6 BILLION IN 1977).

6. DESPITE THESE PRESSURES THE SHORT-TERM PROSPECTS ARE FOR LITTLE CHANGE IN POLICY. CAPITAL INFLOWS--NOTABLY US AID--HAVE MORE THAN BALANCED THE CURRENT ACCOUNT DEFICITS. ALTHOUGH FOREIGN DEBT (CURRENTLY NEARING $13 BILLION) IS PILING UP RAPIDLY, ITS PROFILE AND REPAYMENT TERMS ARE FAVORABLE. REAL GNP REMAINS IN A 6 TO 8 PERCENT GROWTH RANGE. WITH NO IMMEDIATE CRISIS IN SIGHT, IT IS LIKELY THAT POLICY MAKERS AND THE PUBLIC WILL CONTINUE TO MOAN AND GROAN AND TO SNIPE AT ONE ANOTHER BUT TO AVOID TAKING THE STEPS--I.E., SHARP CUTS IN THE GOVERNMENT BUDGET, AND A SUBSTANTIAL REDUCTION IN THE STANDARD OF LIVING--THAT WOULD BE NEEDED.

7. THE POLITICAL IMPLICATIONS OF THE WORSENING INFLATIONARY SITUATION ARE REFLECTED IN DECLINING POLITICAL STRENGTH FOR THE LIKUD AS MEASURED IN PUBLIC OPINION POLLS AND A DROP IN BEGIN'S PUBLIC RATING. (WIDESPREAD PUBLIC DISCONTENT OVER LABOR'S MANAGEMENT OF THE ECONOMY WAS A MAJOR FACTOR IN LABOR'S FALL FROM POWER IN 1977.)

8. DISSENSION BETWEEN HERUT AND THE LIBERALS CONSTITUTES A MAJOR SOURCE OF THE CABINET'S PARALYSIS IN DEALING WITH THE ECONOMIC PROBLEM. HERUT, WHOSE ELECTORAL SUPPORT RESTS ON THE LOWER INCOME, PREDOMINANTLY BLUE COLLAR SEPHARDIC CONSTITUENCY, BRIDLES AT THE PROSPECT OF REMOVING SUBSIDIES OR TAKING OTHER ACTIONS THAT WOULD RUN COUNTER

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C O N F I D E N T I A L FINAL SECTION OF 02 STATE 195945/02

TO THE ECONOMIC INTERESTS OF THIS COMMUNITY.

9. THE POPULIST TONE OF HERUT'S ECONOMIC STANCE IS IN SHARP CONTRAST TO THE FREE-ENTERPRISE APPROACH OF THE LIBERALS. FOR THEIR PART, THE LIBERALS WANT TO ACHIEVE AT LEAST SOME OF THEIR POLICY OBJECTIVES IN THIS GOVERNMENT. THE POLICY CONFLICT WITH HERUT COMES ON TOP OF CONTINUING PATRONAGE DISPUTES--AND EXACERBATES TENSIONS BETWEEN THE TWO PRINCIPAL PARTNERS IN THE LIKUD. IT WILL BE VERY DIFFICULT FOR THIS GOVERNMENT TO AVOID A FURTHER EROSION OF PUB IC SUPPORT OVER THE ECONOMIC SITUATION IN COMING MONTHS IN VIEW OF THE INSUPERABLE POLITICAL OBSTACLES TO TAKING DECISIVE ECONOMIC STEPS.

10. ISRAEL-HEBRON: THE MILITARY GOVERNMENT HAS ESTABLISHED SEWAGE, ELECTRICITY AND WATER SERVICES TO THE FORMER HADDASAH CLINIC (1929) WHERE SOME 50 WOMEN AND CHILDREN FROM THE JEWISH SETTLEMENT OF KIRYAT ARBA HAVE BEEN SQUATTING FOR THE LAST THREE MONTHS. EMBASSY TEL AVIV COMMENTS THAT THIS REPRESENTS ONE MORE STEP IN THE NOW FAMILIAR PROCESS WHEREBY NOMINAL OFFICIAL OPPOSITION TO GUSH EMUNIM SQUATTERS IS GRADUALLY ERODED TO THE POINT WHERE WHAT BEGAN AS ILLEGAL "DEFIANCE" OF THE GOVERNMENT EVENTUALLY RECEIVES

OUTRIGHT LEGITIMACY. THE EMBASSY BELIEVES IT IS ONLY A MATTER OF-TIME BEFORE ISRAELIS ARE OFFICIALLY PERMITTED TO LIVE IN THE HEART OF HEBRON. IF THIS PROVES TRUE, WE BELIEVE IT MAY ESTAB ISH A PRECEDENT THAT WILL BE UTILIZED BY THE GUSH ELSEWHERE, SUCH AS IN NABLUS.

(PARAGRAPHS 11-15 UNCLASSIFIED)

11. ISRAEL-SETTLEMENTS: ISRAELI MEDIA JULY 26 FEATURED A BLUEPRINT SUBMITTED BY THE CO-CHAIRMAN OF THE WORLD ZIONIST ORGANIZATION'S SETTLEMENT DEPARTMENT TO ENCIRCLE NABLUS WITH ABOUT 16 JEWISH SETTLEMENTS WITHIN THE COMING YEAR. THE CO-CHAIRMAN SAID HIS PLAN HAD NOT BEEN FORMALLY SUBMITTED TO AUTHORITIES.

12. BEGIN'S HEALTH: ISRAELI RADIO REPORTED JULY 26 THAT BEGIN WILL REMAIN HOSPITALIZED IN THE NEUROLOGICAL WARD OF HADDASAH HOSPITAL FOR AN UNDETERMINED PERIOD. (DOCTORS HAD PREVIOUSLY SAID 10 DAYS TO TWO WEEKS HOSPITALIZATION WAS NEEDED.) VISITORS ARE REPORTEDLY RESTRICTED TO FAMILY AND CLOSE AIDES DUE TO THE PRIME MINISTER'S NEED FOR ABSOLUTE REST.

13. US-JERUSALEM PROPOSALS: NEWSPAPERS IN JORDAN AND SAUDI ARABIA HAVE REPORTED THAT A US ENVOY MAY TOUR ARAB CAPITALS TO PRESENT US PROPOSALS ON JERUSALEM. THE ARAB NEWS (SAUDI ARABIAN) SAID AMBASSADOR STRAUSS HINTED AT THIS POSSIBILITY JULY 23. THE JORDANIAN PAPER, AL-RAY, SAID "OFFICIAL SOURCES" IN WASHINGTON SAY THE US IS NOW CONVINCED THE PLO SHOULD TAKE PART IN THE NEXT STAGE OF THE NEGOTIATIONS AND THAT CONS;-IATIONS ARE UNDERWAY AMONG THE US- ISRAEL AND EGYPT.

14. SADAT-VISIT TO ISRAEL: NEWS REPORTS FROM CAIRO SAY SADAT'S VISIT TO HAIFA HAS BEEN POSTPONED UNTIL SEPTEMBER 5. THE VISIT WAS ORIGINALLY SCHEDULED FOR THE END OF AUGUST, THE TIME OF THE HOLIDAYS FOLLOWING RAMADAN, THE MONTH OF FASTING.

15. -ZUHAIR MUHSIN: SAIQA LEADER ZUHAIR MUHSIN DIED IN A FRENCH HOSPITAL YESTERDAY AFTER DOCTORS DETERMINED THAT HE COULD NOT SURVIVE AND TURNED OFF LIFE SUPPORT MACHINES. MUHSIN WAS SHOT IN THE HEAD JULY 25 BY UNKNOWN ASSAILANTS. THE-PLO CONTINUES TO BLAME ISRAEL-FOR THE SHOOTING AND HAS VOWED-REVENGE. -A LEFTIST ARAB NEWSPAPER-SUGGESTED COOPER-ATION BETWEEN ISRAELI AND EGYPTIAN INTELLIGENCE IN MUHSIN'S DEATH. THERE WAS NO MENTION OF POSSIBLE EGYPTIAN INVOLVE-MENT IN OFFICIAL PLO STATEMENTS YESTERDAY. THE EGYPTIAN GOVERNMENT,;WHICH SOME BELIEVE IS BEHIND THE SHOOTING IN

REVENGE FOR SAIQA'S ANTI-FGYPTIAN OPERATIONS, ISSUED A STATEMENT OF REGRET.

16. (C) PALESTINIAN FIGHTING: DEFENSE ATTACHE AND PRESS REPORTS SAID THERE WAS SOME FIGHTING BETWEEN SAIQA AND OTHER PALESTINIAN GROUPS IN CAMPS SOUTH OF BEIRUT AFTER THE NEWS BROKE OF THE SHOOTING OF SAIQA LEADER ZUHAIR MUHSIN IN FRANCE. AT LEAST ONE PERSON WAS REPORTED KILLED.

17. (C) LAF DEPLOYMENT: LEBANESE ARMY UNITS TOOK ANOTHER SMALL STEP TOWARD WIDER AUTHORITY IN THE COUNTRY, DEPLOYING MORE SOLDIERS TO THE UPPER METN JULY 25, ACCORDING TO DEFENSE ATTACHE SOURCES AND PRESS REPORTS. THE MOVE IS IMPORTANT PSYCHOLOGICALLY, EMBASSY BEIRUT SAYS, BECAUSE THE AREA HAS BEEN TENSE-IN RECENT MONTHS. HOWEVER, CHRIS-TIAN RIGHTISTS, LEBANESE LEFTISTS AND SYRIAN TROOPS HAVE NOT WITHDRAWN AND THE TOTAL LAF STRENGTH IN THE AREA IS ONLY 65 MEN.
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INFO BUREATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2574
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S E C R E T SECTION 01 OF 02 STATE 199746/01

E.O. 12065 GDS 8/1/85 (MONTVILLE JOSEPH V.)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 865 - AUGUST 1, 1979

LONDON FOR CLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHODS INVOLVED
NOT RELEASABLE TO FOREIGN NATIONALS--NOT RELEASABLE TO
CONTRACTORS OR CONTRACTOR/CONSULTANTS

(PARAGRAPH 1-3 S/NF/NC)

1. JAPAN-MIDDLE EAST: TRADE MINISTER'S TRIP: THE VISIT
OF JAPAN'S MINISTER OF INTERNATIONAL TRADE AND INDUSTRY
ESAKI TO THE MIDDLE EAST IN JULY BROUGHT FEW NEW COMMIT-
MENTS FOR OIL, ACCORDING TO SEVERAL JAPANESE SOURCES.
INSTEAD, SOME ARAB OFFICIALS BEMOANED ESAKI OVER JAPAN'S
SUPPORT OF US INITIATIVES IN THE MIDDLE EAST, PARTICULARLY
THE EGYPT-ISRAEL PEACE TREATY, AND WARNED TOKYO AGAINST
INCREASING AID TO EGYPT.

2. AS NOTED IN A CIA ANALYSIS, IN SAUDI ARABIA AND KUWAIT,
ESAKI WAS UNABLE EVEN TO BEGIN NEGOTIATIONS FOR BILATERAL
OIL DEALS--THE PRINCIPAL PURPOSE OF HIS TRIP--BECAUSE
OFFICIALS REFUSED TO DISCUSS OIL SUPPLIES. ESAKI FOUND THE
KUWAITIS PARTICULARLY INCENSED OVER JAPAN'S SUPPORT OF THE
PEACE SETTLEMENT, AND HIS TALKS WITH THEM CONSISTED
PRIMARILY OF KUWAITI CRITICISMS OF TOKYO'S MIDDLE EAST
POLICY. HE DID SECURE AN INCREASE OF 2 MILLION TONS OF
OIL FROM IRAQ FOR 1980 AND REASSURANCE FROM THE UNITED
ARAB EMIRATES THAT TOKYO WOULD RECEIVE A FAIR SHARE OF A
POSSIBLE PRODUCTION INCREASE.

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3. ESAKI REPORTEDLY TOLD PRIME MINISTER OHIRA THAT JAPAN MUST FORMULATE A MORE REALISTIC POLICY TOWARD THE MIDDLE EAST. OHIRA WAS SURPRISED BY THE RECEPTION ESAKI RECEIVED FROM ARAB OFFICIALS AND IS CONSIDERING A VISIT TO THE MIDDLE EAST HIMSELF.

4. (S) IN VIEW OF ITS DEPENDENCE ON THE MIDDLE EAST FOR ABOUT 80 PERCENT OF ITS OIL NEEDS, JAPAN WILL CAREFULLY CONSIDER ARAB CONCERNS ON MIDDLE EAST ISSUES, INCLUDING JAPANESE AID TO EGYPT. JAPANESE OFFICIALS, AWARE OF THE SENSITIVITY OF THIS QUESTION, HAD PREVIOUSLY CONSIDERED PROVIDING MORE AID TO EGYPT IN THE CONTEXT OF A REGION-WIDE INCREASE IN ASSISTANCE.

5. (S) NORTH YEMEN-SOUTH YEMEN: RISING TENSIONS: THE FOUR-MONTH PERIOD TO COMPLETE A DRAFT CONSTITUTION, AS ENVISIONED LAST MARCH IN THE UNITY DECLARATION BETWEEN NORTH AND SOUTH YEMEN, EXPIRED JULY 30 WITH LITTLE PROGRESS ACHIEVED. THE FRAGILE REGIME IN NORTH YEMEN, WHICH HAS BEEN STALLING THE NEGOTIATIONS, IS CONCERNED THAT SOUTH YEMEN MAY SOON ATTEMPT AGAIN TO USE FORCE TO UNITE THE TWO STATES.

6. (S) A CIA ANALYSIS COMMENTS AS FOLLOWS: AT A MINIMUM, SOUTH YEMEN SEEMS CERTAIN TO ENCOURAGE THE ADEN-BASED NATIONAL DEMOCRATIC FRONT TO INCREASE ITS EFFORTS TO SUBVERT THE GOVERNMENT OF NORTH YEMENI PRESIDENT SALIH. THE POLITICAL COSTS TO SOUTH YEMEN WOULD BE SIGNIFICANT IF IT RESUMED FIGHTING ON THE SCALE OF ITS EFFORTS LAST FEBRUARY. IRAQ, SAUDI ARABIA, AND SYRIA WOULD OPPOSE SOUTH YEMEN POLITICALLY, AND IRAQ MIGHT INTERVENE MILITARILY ON NORTH YEMEN'S BEHALF. ADEN COULD NOT BE CERTAIN HOW THE US WOULD REACT, AND ITS OWN ALLY, THE USSR, MIGHT REJECT. THE SOVIETS, CONCERNED ABOUT PASSAGE OF THE SALT II TREATY, DO NOT WANT A CONFRONTATION WITH THE US THAT A RENEWED YEMENI WAR COULD PORTEND.

7. (U) ISRAEL-EGYPT: THE ISRAELI PRESS JULY 31 REPORTED THAT DAYAN GAVE BEGIN A LIST OF ALLEGED EGYPTIAN VIOLATIONS OF THE PEACE TREATY IN REGARD TO AL-ARISH. THESE INCLUDE OPERATION OF THE AL-ARISH AIRPORT BY MILITARY PERSONNEL, INTRODUCING RADAR INTO THE AREA AND STATIONING SOLDIERS OUTSIDE AGREED BOUNDARIES. SHARON WAS QUOTED AS SAYING HE WOULD DEMAND THAT HIS COLLEAGUES IN THE ISRAELI CABINET TAKE A FIRM LINE ON THESE VIOLATIONS. DEFENSE MINISTER ALI, WHILE IN ISRAEL, PUBLICLY DENIED THE ALLEGATIONS.

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* U.S. GOVERNMENT PRINTING OFFICE: 1977-235-332

8. (C) ISRAEL-WEST BANK MAYORS: AN ISRAELI OFFICIAL TOLD EMBASSY TEL AVIV THAT RAMALLAH MAYOR KHALAF AND HEBRON MAYOR QAWASIMA HAVE RECEIVED PERMISSION TO TRAVEL TO THE US. NO OPPOSITION IS EXPECTED TO THE TRAVEL REQUEST OF HALHUL MAYOR MILHIM; HOWEVER, RESTRICTIONS REMAIN ON NABLUS MAYOR SHAKA AND IT IS NOT CLEAR THEY WILL BE LIFTED.

9. (U) ISRAELI PRESS-US: ISRAELI-US RELATIONS WERE THE THEME OF SEVERAL ARTICLES IN THE ISRAELI PRESS JULY 31. A DAVAR COLUMNIST SAID HE IS INCREASINGLY DEPRESSED BY THE "QUARRELSOME AND IRRITANT NATURE" OF THE RELATIONS LATELY. HE WONDERED IF THE HEBREW LANGUAGE HAS

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* U.S. GOVERNMENT PRINTING OFFICE: 1977-235-323

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RUEKJCS/DOD/ISA WASHDC PRIORITY
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S E C R E T FINAL SECTION OF 02 STATE 199746/02

"IS REALLY SO POOR" THAT IT LACKS MORE POLITE WORDS TO DESCRIBE THE US POSITION ON UN FORCES. AN AL HAMISHMAR WRITER SAID DAYAN USED VERY STRONG TERMS TO DESCRIBE THE US CONDUCT IN THE DISCUSSION OF A UN FORCE. DAYAN REPORTEDLY CLAIMED HE WAS MADE A "LAUGHING STOCK." A HA'ARETZ COLUMNIST SAID THE UN FORCES DISPUTE IS PART OF THE "GENERAL SQUEEZE" THE US IS PUTTING ON ISRAEL BECAUSE OF THE LATTER'S SETTLEMENTS POLICY.

10. (U) DAYAN-UN FORCE: HA'ARETZ REPORTER UZI BENZIMAN JULY 31 SAID DAYAN PROPOSED ESTABLISHMENT OF A US MILITARY FORCE IN THE SINAI AS A SUBSTITUTE FOR UNEF. SYMBOLIC ISRAELI AND EGYPTIAN UNITS WOULD BE INCORPORATED INTO THE FORCE, THE ARTICLE SAID. "SENIOR SOURCES" WERE SAID TO HAVE EMPHASIZED THAT DAYAN DOES NOT INTEND TO COMPROMISE WITH THE US OVER STATIONING OF UN FORCES IN THE AREA.

11. (U) ARAB DEMONSTRATIONS-NEGEV BASES: NEWS REPORTS OF JULY 30 REPORTED SEVERAL HUNDRED ISRAELI ARABS DEMONSTRATED NEAR THE KNESSET TO PROTEST A PROPOSED LAW TO ALLOW THE GOVERNMENT TO SEIZE LAND FOR NEW AIR BASES IN THE NEGEV. THE LAW REPORTEDLY WOULD NOT PERMIT NEGOTIATION FOR COMPENSATION WITH THE BEDOUIN LANDOWNERS.

12. (U) BEGIN-HEALTH: JERUSALEM RADIO JULY 31 SAID BEGIN'S CONDITION IS IMPROVING; HE MAY BE DISCHARGED FROM THE HOSPITAL LATER THIS WEEK.

13. (U) ISRAEL-SINAI: REUTER REPORTED JULY 31 THAT RESIDENTS OF THE SINAI TOWN OF YAMIT THREATENED TO BURN OR DESTROY BUILDINGS IN A CAMPAIGN TO WIN INCREASED COMPENSATION FROM THE GOVERNMENT FOR ABANDONING THE TOWN THREE YEARS FROM NOW. THE SETTLERS WERE DEMANDING THAT DEPUTY PRIME MINISTER YADIN MEET WITH THEM.

14. (U) ARAB PRESS-STRAUSS STATEMENTS: REFERRING TO AMBASSADOR STRAUSS' RECENT US NEWS AND WORLD REPORT

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INTERVIEW, THE JORDAN TIMES JULY 31 SAID "IT IS...
LATE TO START UNDOING THE DAMAGE WHICH THE CARTER
ADMINISTRATION'S NAIVETE...HAS WROUGHT." AMBASSADOR
YOUNG'S "SUDDEN AWARENESS" OF THE NEED FOR BROADER
ARAB PARTICIPATION LEADS THE PAPER TO CONCLUDE THAT A
"NEW BEGINNING MUST BE INITIATED." A KUWAITI PAPER SAID
THE REMARKS ABOUT POSSIBLE PARTICIPATION OF MODERATE
PALESTINIANS SIGNALED "A WAR OF NERVES AGAINST THE PLO....

[illegible]. (U) SYRIANS-CHRISTIANS: REUTER REPORTED HEAVY
FIGHTING BETWEEN CHRISTIANS AND SYRIANS IN BEIRUT DURING
THE NIGHT OF JULY 30-31. THE FIGHTING THEN FADED INTO
SNIPER FIRE. THE KILLING OF A DOCKWORKER AT THE BEIRUT
PORT APPEARS TO HAVE TOUCHED OFF THE TROUBLE. CHRISTOPHER
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C O N F I D E N T I A L SECTION 01 OF 03 STATE 213971/01

E.O. 12065 GDS 8/15/85 (MONTVILLE, JOSEPH V.)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 875 - AUGUST 15, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

ARMING NOTICE SENSITIVE SOURCES AND METHODS INVOLVED
NOT RELEASABLE TO FOREIGN NATIONALS

(PARAGRAPHS 1-6 CONFIDENTIAL)

1. ISRAELI PERCEPTIONS OF US POLICY: VARIOUS DEVELOPMENTS IN RECENT WEEKS HAVE REAWAKENED ISRAELI SUSPICIONS OF US INTENTIONS. THESE SUSPICIONS CENTER ON TWO THEMES:

(A) THE US IS MOVING TO INJECT THE PLO INTO THE AUTONOMY NEGOTIATIONS; AND

(B) THE US IS TRYING TO PROMOTE AN AUTONOMY ARRANGEMENT WHICH, IN DUE COURSE, WILL TRANSFORM ITSELF INTO AN INDEPENDENT PALESTINIAN STATE.

DAYAN'S ACCUSATION ON AUGUST 7 THAT THE US, UNDER THE GOAD OF SAUDI OIL PRESSURE, FAVORS A MORE EXTREME POLICY THAN EGYPT CONSTITUTES AN EXPLICIT STATEMENT OF A LONG-HELD PERCEPTION AMONG THE ISRAELI POLITICAL ELITE.

2. THE CURRENT CRITICISM OF THE US BY SENIOR ISRAELI OFFICIALS AND OPPOSITION LEADERS PLACES THE US-ISRAELI RELATIONSHIP UNDER UNUSUAL STRAIN. GOVERNMENTS IN ISRAEL GENERALLY DENY THE EXISTENCE OF SERIOUS DIFFICULTIES WITH THE US. INDEED, THE ABILITY TO MAINTAIN GOOD RELATIONS WITH THE US IS A CRITERION OF THE CABINET'S EFFECTIVENESS. THUS DAYAN'S PUBLIC CHARGES REVEAL A DEPTH OF CONCERN THAT WILL MAKE THE ISRAELIS PARTICULARLY HARD TO HANDLE IN COMING WEEKS.

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3. CONCERN ABOUT THE COURSE OF US POLICY IS FOUND ACROSS [redacted] ISRAELI POLITICAL ELITE. REGARD THE ESTABLISHMENT OF AN INDEPENDENT PALESTINIAN STATE AS FATAL TO ISRAEL. EVEN POLITICALLY SOPHISTICATED ISRAELIS SEE IN THE PLO AN ORGANIZATION DEDICATED TO THE ULTIMATE DESTRUCTION OF ISRAEL. IN THEIR VIEW, THE TRIUMPH OF A "MODERATE" PLO FACTION WOULD LEAD ONLY TO A MORE CLEVER, COVERT STRUGGLE AGAINST ISRAEL.

4. THE PERCEPTION OF ISRAELI MODERATES OF THE DIRECTION OF US POLICY AND THE PROPER RESPONSE FOR ISRAEL APPEARED RECENTLY IN AN ANALYTICAL NEWSPAPER ARTICLE BY FORMER PRIME MINISTER RABIN. RABIN WROTE THAT IT WAS BECOMING INCREASINGLY CLEAR THAT ISRAEL WAS FACING AN EGYPTIAN-US FRONT. THIS AXIS WAS STRIVING TO SECURE A COMPREHENSIVE PEACE BASED ON AN ISRAELI WITHDRAWAL TO THE PRE-1967 LINES AND THE ESTABLISHMENT OF A PALESTINIAN STATE IN THE WEST BANK AND GAZA. RABIN DESCRIBED EGYPT AS MODERATE AT THIS STAGE BECAUSE IT WAS RECEIVING TERRITORIES FROM ISRAEL BUT HAD NOT YET BEEN REQUIRED TO NORMALIZE RELATIONS. THE US, MEANWHILE, "CONSTITUTES THE ELEMENT PUSHING TOWARD TURNING THE AUTONOMY NEGOTIATIONS INTO A LEVER FOR THE ESTABLISHMENT OF THE NUCLEUS OF A PALESTINIAN STATE." US STATEMENTS, IN RABIN'S VIEW, WERE DESIGNED TO TEST THE ACCEPTABILITY OF THIS GOAL TO US LIC OPINION.

5. RABIN, WHO HAS LONG BELIEVED THAT THE PEACE PROCESS WITH EGYPT WILL FREEZE WHEN IT BECOMES CLEAR THAT AGREEMENT OVER AUTONOMY IS IMPOSSIBLE, CALLED ON ISRAEL TO WORK ON US PUBLIC OPINION. HE ASSESSED THE SETTLEMENT ISSUE AS "THE LEVER WHICH THE CARTER ADMINISTRATION IS EMPLOYING TO ERODE THE ISRAELI POSITION." TO COMBAT THIS PRESSURE, RABIN SUGGESTED AN UNANNOUNCED, TEMPORARY SUSPENSION OF SETTLEMENT CONSTRUCTION IN THE WEST BANK, WHILE CAMPAIGNING IN THE US AGAINST "THE CARTER ADMINISTRATION'S TREND TOWARD ESTABLISHING AN ARAFAT-PALESTINIAN STATE."

6. THE ISRAELIS IN COMING DAYS AND WEEKS, WILL GIVE GREATER EMPHASIS TO US POSITIONS IN THE UN AND IN THE AUTONOMY TALKS THAN TO ASSURANCES FROM WASHINGTON. A US FAILURE TO BLOCK MODIFICATION OF 242 OR THE ADOPTION OF A COMPLEMENTARY RESOLUTION DEALING WITH THE PALESTINIAN ISSUE WOULD BE REGARDED AS CONFIRMING THEIR WORST FEARS. AND IN THE AUTONOMY NEGOTIATIONS ISRAEL WILL BE PARTICULARLY UPSET IF THE US TRIES TO NEGOTIATE PROVISIONS THAT WOULD ALTER THE NARROW, ADMINISTRATIVE CONCEPT OF THE AUTONOMY THE ISRAELIS FAVOR.

7. (C/NF) ISRAEL-WEST BANK SECURITY: OUR DEFENSE ATTACHE IN TEL AVIV COMMENTS THAT THE ISRAELI DEFENSE FORCE (IDF) APPEARS TO BE MAKING A DETERMINED EFFORT TO INSTITUTIONALIZE THE ROLE OF SETTLEMENTS IN ITS TERRITORIAL DEFENSE SYSTEM. THIS HAS BEEN STRESSED IN RECENT BRIEFINGS BY CHIEF OF STAFF EITAN. THE IDF IS ASSIGNING

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C O N F I D E N T I A L SECTION 02 OF 03 STATE 213971/02

FIRST LINE RESERVISTS TO STAY IN THE SETTLEMENTS AND FIGHT. MOREOVER, THE REGULAR FORCE DEPLOYMENT ON THE WEST BANK HAS RISEN DRAMATICALLY IN THE LAST THREE MONTHS. THE DEFENSE ATTACHE CONCLUDES THAT FROM A STRICTLY MILITARY VIEWPOINT THE MARGINAL PAYOFF GAINED FROM ACTIVE USE OF THE SETTLEMENTS FOR TERRITORIAL DEFENSE IS NOT WORTH THE COST SO LONG AS REGULAR RESERVE FORCES CONTINUE TO OCCUPY THE AREA.

8. (U) ISRAEL-AMBASSADOR YOUNG: JERUSALEM RADIO AUGUST 14 ANNOUNCED THE ISRAELI GOVERNMENT'S PROTEST TO THE US OVER AMBASSADOR YOUNG'S MEETING WITH THE PLO OBSERVER AT THE UN. "THE ISRAELI CABINET SAYS THAT THE MEETING CONTRADICTED THE US ADMINISTRATION'S COMMITMENTS AND ITS REPEATED DECLARATIONS THAT IT WOULD NOT RECOGNIZE THE PLO OR NEGOTIATE WITH IT AS LONG AS THE PLO DOES NOT RECOGNIZE ISRAEL'S RIGHT TO EXIST...AND ACCEPT RESOLUTIONS 242 AND 338," THE REPORT SAID. THE BROADCAST ALSO

REPORTED A REUTER STORY WHICH SAID THAT THE PLO OBSERVER AT THE UN HAD SAID ONLY "NICETIES" WERE EXCHANGED DURING THE MEETING AND THAT AMBASSADOR YOUNG HAD REFUSED TO DISCUSS THE PALESTINIAN PROBLEM IN ALL THEIR MEETINGS.

MOST ISRAELI PAPERS CARRIED ACCOUNTS OF THE MEETING. A HAARIV EDITORIAL SAID THE STORY OF THE MEETING "CALLS TO MIND A FAIRYTALE DESERVING OF A CHILDREN'S LITERARY PRIZE." THE ITEM GOES ON TO EXPRESS CONSIDERABLE SKEPTICISM ABOUT THE US CLAIM THAT US POLICY ON THE PLO REMAINS UNCHANGED.

9. (U) ISRAELI PRESS-AMBASSADOR STRAUSS: AN ISRAELI TV CORRESPONDENT SAID AUGUST 14 THAT AMBASSADOR STRAUSS IS BEGINNING TO PREPARE THE GROUND FOR HIS MIDDLE EAST VISIT. THE AMBASSADOR'S ACTIONS "WILL BE AIMED AT GIVING THE PALESTINIANS A SAY IN THE DETERMINATION OF THEIR FUTURE." THE AMBASSADOR'S RECENT REMARKS ON THE MIDDLE EAST SOUNDED "UNEQUIVOCAL, DETERMINED, RESOLVED AND UNCOMPROMISING AND THOSE SOUNDS" WILL BE HEARD IN ISRAEL THIS WEEK, HE SAID. AN ISRAELI RADIO CORRESPONDENT SAID AMBASSADOR STRAUSS WILL MAKE IT CLEAR THAT DESPITE "THE SOOTHING STATEMENTS EMANATING FROM WASHINGTON" THE US WILL TRY TO CHANGE 242 BY ADDING A STATEMENT ON THE LEGITIMATE RIGHTS OF THE PALESTINIANS. THE AMBASSADOR'S ARRIVAL WILL SPEED UP DAYAN'S RETURN TO THE "DRIVER'S SEAT IN THE AUTONOMY TALKS," THE BROADCAST SAID. A DAVAR CORRESPONDENT SAID AMBASSADOR STRAUSS WILL BRING A DRAFT RESOLUTION ON THE PALESTINIANS. A DAVAR EDITORIAL WARNED THAT AS EUROPEAN COUNTRIES AND THE US CHANGE THEIR ATTITUDES TOWARD THE PLO, ISRAEL MUST GET READY FOR A POSSIBLE CHANGE IN THE PLO POSITION.

12. (U) ISRAEL-LIKUD-LABOR: REUTER REPORTED AUGUST 14 THAT AN ISRAELI OPINION POLL PUBLISHED AUGUST 14 SAID THAT IF ELECTIONS WERE HELD NOW, THE LIKUD WOULD LOSE TO LABOR. THE POLL, TAKEN FOR THE JERUSALEM POST, SAID THAT IN PRESENT PUBLIC OPINION LIKUD WOULD GET 55 OF THE KNESSET'S 120 SEATS (IT NOW HAS 43) AND LABOR WOULD WIN 48 SEATS (IT NOW HAS 32). THE REPORT SAID THAT DESPITE THE SUCCESSES OF THE BEGIN GOVERNMENT IN ACHIEVING A PEACE TREATY, IT HAS LOST SUPPORT BECAUSE OF AN INFLATION RATE EXPECTED TO REACH 100 PERCENT THIS YEAR.

11. (U) WEST BANK-MAYOR'S ACCUSATIONS: THE MAYOR OF RAMALLAH, KARIM KHALAF, HAS ACCUSED ISRAEL OF BLOWING UP 20,000 HOUSES SINCE IT OCCUPIED THE WEST BANK IN 1967. ACCORDING TO REUTER, KHALAF TOLD A LEBANESE MAGAZINE THAT THIS FIGURE WAS INCLUDED IN A SURVEY HE WILL PRESENT TO TWO PALESTINIAN CONFERENCES ON PALESTINIAN AFFAIRS SCHEDULED TO BE HELD IN WASHINGTON (IN AUGUST AND SEPTEMBER). KHALAF ALSO CLAIMED:

(A) THAT 23 PERCENT OF WEST BANK LAND HAD BEEN CONFISCATED BY THE ISRAELIS;

(B) THAT THE ISRAELIS HAD EXPELLED 1,145 PALESTINIANS FROM THE WEST BANK; AND

(C) THAT THERE WERE ABOUT 7,000 ARAB PRISONERS IN ISRAEL.

10. (U) SOUTH LEBANON-SITUATION REPORT: SEVERAL VILLAGES IN THE TYRE DISTRICT CAME UNDER ARTILLERY FIRE FROM THE ISRAELIS ON AUGUST 13 AND TYRE ITSELF WAS SHELLED BY 175-MM GUNS, ACCORDING TO BEIRUT RADIO.

REUTER REPORTS THAT PALESTINIAN GROUPS HAD TAKEN THREE MORE VILLAGERS HOSTAGE (THEY HAD TAKEN THREE THE PREVIOUS DAY) FROM HADDAD'S ENCLAVE TO EXCHANGE FOR TWO OF THEIR FIGHTERS THEY CLAIM HADDAD IS HOLDING. HADDAD REFUSED TO CONFIRM TO RED CROSS OR UN OFFICIALS THAT HE WAS HOLDING THEM.

13. (U) BEIRUT-CLASHES: THE FIGHTING WHICH OCCURRED TWO DAYS AGO IN BEIRUT AREA BETWEEN THE LEBANESE ARMY AND PHALANGIST MILITIA HAS NOW SPREAD TO INCLUDE SYRIAN FORCES STATIONED IN LEBANON.

AP REPORTS THAT AUGUST 14 CIVILIAN TRAFFIC IN PARIS
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C O N F I D E N T I A L FINAL SECTION OF 03 STATE 213971/03

OF BEIRUT WAS CURTAILED, THE BANKING AREA (IN CENTRAL BEIRUT) WAS DESERTED, MILITIAMEN WERE FORTIFYING THEIR POSITIONS, AND WORKERS HAD TO FLEE THE PORT AREA. AP CLAIMS THE SYRIANS HELPED HALT THE FIGHTING BETWEEN THE LAF AND THE PHALANGE, BUT THAT AUGUST 13 THE PHALANGISTS LOWERED THEIR ANTI-AIRCRAFT GUNS AND FIRED INTO WEST BEIRUT. THE SYRIANS REPLIED WITH ARTILLERY, MORTARS AND MACHINE GUNS.

14. (C/NF) ISRAEL-LEBANON: ISRAEL APPEARS TO HAVE SOMEWHAT REINFORCED ITS ARTILLERY UNITS IN THE EASTERN SECTOR OF ITS BORDER WITH LEBANON. RECENTLY ONLY ONE BATTERY OF M109 155MM GUNS HAS BEEN LOCATED IN THIS AREA, BUT ON AUGUST 13, IN A ROAD RECONNAISSANCE OF THE BORDER, TWO AND POSSIBLY THREE BATTERIES WERE IDENTIFIED BY DEFENSE ATTACHE PERSONNEL. WHILE NOT A DRAMATIC INCREASE, THE DEPLOYMENT OF UP TO A BATTALION OF M109S DOES INCREASE ISRAEL'S ABILITY TO PROVIDE FIRE SUPPORT TO ITS OWN OR CHRISTIAN FORCES OPERATING AGAINST THE PALESTINIANS. VANCE
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C O N F I D E N T I A L SECTION 01 OF 02 STATE 215873/01

E.O. 12065 GDS 8/17/85 (MONTVILLE, JOSEPH V.)

TAGS:EG, IS, PINR

SUBJECT:INTSUM 877 - AUGUST 17, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEE; FOR CHIEFS OF MISSION

(PARAGRAPHS 1-5 CONFIDENTIAL)

1. THE CURRENT STATE OF ISRAELI POLITICS: THE BEGIN CABINET IS IN DISARRAY. THE SHARP CONFLICTS OVER POLICY AND PERSONALITY ARE REINFORCED BY OTHER FACTORS WHICH UNDERMINE THE CABINET'S AUTHORITY AND ITS ABILITY TO CONDUCT NEGOTIATIONS. THESE INCLUDE:

(A) THE FRAGILE HEALTH OF BEGIN AND DAYAN, THE TWO PRINCIPAL FOREIGN POLICY DECISION-MAKERS;

(B) CABINET PARALYSIS IN DEALING WITH THE HIGH RATE OF INFLATION;

(C) THE VIRTUAL COLLAPSE OF THE LIBERAL PARTY, ONE OF THE LIKUD'S TWO PRIMARY COMPONENTS; AND

(D) THE BITTER CONTROVERSY OVER SETTLEMENTS.

ALSO OF CENTRAL IMPORTANCE IS THE GROWING STRENGTH OF THE LABOR PARTY AND THE INCREASING DISCONTENT OF THE NATIONAL RELIGIOUS PARTY (NRP) WITH THE LIKUD. INDEED, THE POSSIBILITY THAT THE GOVERNMENT MIGHT SUDDENLY BE DISMISSED BY THE KNESSET CANNOT BE RULED OUT.

AGAINST THIS BACKGROUND, THE CABINET CAN BE EXPECTED TO PROCEED WITH EXTREME CAUTION. TO ASSURE THE SURVIVAL OF THE GOVERNMENT, BEGIN WILL HAVE TO DEVOTE INCREASING ATTENTION TO CONCILIATING THE NRP. HIS ACTIONS IN THE NEGOTIATING ARENA WILL BE GOVERNED BY THE PERCEPTION THAT THE LOSS OF THE NRP'S SUPPORT COULD BRING DOWN THE GOVERNMENT.

3. YET BEGIN'S LOSS OF POPULARITY, THE IMPRESSIVE GROWTH IN THE LABOR OPPOSITION'S PUBLIC APPEAL AND THE [illegible] PROSPECTS FOR SIGNIFICANT [illegible] IN THE ECONOMIC SITUATION COMBINE SHARPLY TO REDUCE BEGIN'S LEVERAGE ON THE NRP. IN THE PAST, BEGIN COULD HAVE THREATENED TO RESIGN AND GO TO NEW ELECTIONS IN THE EXPECTATION OF COMING OUT ON TOP AND THUS BEING ABLE TO STAY IN OFFICE AFTER RENEGOTIATING THE COALITION AGREEMENT WITH THE NRP, BUT ELECTIONS NOW PROBABLY WOULD MEAN HIS POLITICAL OBLIVION. CONSEQUENTLY, BEGIN'S SCOPE FOR MANEUVER IN THE AUTONOMY NEGOTIATIONS WILL DEPEND ON THE LEEWAY THE NRP GIVES HIM.

4. THE NRP IS CONSCIOUS OF ITS STRENGTH. PARTY MILITANTS VEHEMENTLY OPPOSE CONCESSIONS ON IDEOLOGICAL, STRATEGIC, AND PRAGMATIC GROUNDS. INTERNAL CONSIDERATIONS MILITATE STRONGLY AGAINST A MODERATION OF THE NRP'S STANCE

(A) MINISTER OF EDUCATION HAMMER WILL MAINTAIN A HAWKISH STANCE OUT OF CONVICTION; THE NEED TO RETAIN UNITY WITHIN HIS FACTION OF THE PARTY; AND THE IMPERATIVE OF PREVENTING A WALKOUT BY GUSH EMUNIM SUPPORTERS.

(B) MINISTER OF INTERIOR BURG WILL NOT WANT TO RISK A PARTY SPLIT, ESPECIALLY IF THE "REWARD" FOR SUCH A SPLIT WERE AN "AUTONOMY WITH TEETH," WHICH HE FEARS WOULD EVOLVE INTO AN INDEPENDENT PALESTINIAN STATE.

5. THE PERIOD SINCE CAMP DAVID HAS SEEN THE RAPID SPREAD OF THE CONVICTION AMONG ISRAELIS THAT AN AUTONOMY ARRANGEMENT IN THE WEST BANK AND GAZA WOULD EVOLVE INTO A FULL-FLEDGED, INDEPENDENT PALESTINIAN STATE. WHILE THIS PERCEPTION EXTENDS ACROSS THE POLITICAL SPECTRUM, ITS SPREAD TO THE RIGHT WOULD IMMEDIATELY THREATEN BEGIN IF HE AGREED TO ANY SUBSTANTIVE CONCESSIONS--CONCESSIONS WHICH COULD BECOME INSTANTANEOUSLY KNOWN.

6. (C) EVEN WITHOUT THE STRAINS OF THE AUTONOMY ISSUE, BEGIN WOULD FACE AN UPHILL STRUGGLE TO REMAIN IN POWER OVER THE LONGER RUN. IN HIS WEAKENED PHYSICAL CONDITION, WE DO NOT SEE HIM REGAINING THE INITIATIVE.

7 (S) AMBASSADOR YOUNG-PRESS REPORTS: THE ISRAELI [illegible] YOUNG'S RESIGNATION

AGAINST 16. WASHINGTON-BASED ISRAELI CORRESPONDENTS WRITE THAT ISRAEL MIGHT BE "WORSE OFF" WITHOUT HIM. ISRAELI RADIO REPORTED A FEELING IN JERUSALEM THAT THE US UNDERSTANDS ISRAEL'S DEMANDS TO STOP CONTACTS WITH THE PLO. A MAARIV HEADLINE SAID PRESIDENT CARTER IS MAD AT ISRAEL OVER THE "YOUNG AFFAIR." DIPLOMATIC SOURCES IN THE US BELIEVE ISRAEL COULD WIND UP AS A MAJOR VICTIM OF THE RESIGNATION, MAARIV SAID. A YEDIOT AHARANOT REPORT FROM WASHINGTON QUOTES AN UNNAMED "OLDTIME STATE DEPARTMENT" OFFICIAL AS SAYING ISRAEL HAS

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LOST A FRIEND AT THE UN WITH THE RESIGNATION. THE SAME OFFICIAL REPORTEDLY WARNED THE RESIGNATION COULD HURT ISRAEL'S RELATIONS WITH AFRICAN STATES. THE JERUSALEM POST E-ITORIALIZED THAT THE "EVIDENCE SUGGESTS" THAT AMBASSADOR YOUNG'S CONTACTS WITH THE PLO DID NOT "MISINTERPRET" US POLICY.

THE VOICE OF PALESTINE SAID THE RESIGNATION WAS CAUSED BY "INTIMIDATION AND RACIAL PERSECUTION." IN JERUSALEM, AL QUDS SEES A GROWING CONVICTION THAT THERE IS A PERCEPTIBLE SHIFT IN US POLICY TOWARD THE PLO.

REUTER REPORTED AN ATLANTA CONSTITUTION STORY THAT ISRAELI INTELLIGENCE AGENTS HAD FOLLOWED THE PLO OFFICIAL TO HIS MEETING WITH AMBASSADOR YOUNG.

8. (C) DAYAN STATEMENTS: EMBASSY TEL AVIV REPORTS THAT ISRAELI FOREIGN MINISTRY OFFICIAL BAR-ON PROFESSED TO BE IGNORANT OF DAYAN'S RECENT ASSERTIONS THAT THE US "ACCEPTS" ISRAELI POLICY IN LEBANON AND THAT THE US IS WILLING TO HAVE SOVIET OBSERVERS IN THE SINAI. OUR

CHARGE COMMENTS THAT BAR-ON'S IGNORANCE MAY BE A SMOKE SCREEN FOR HIS AND THE FOREIGN MINISTRY'S EMBARRASSMENT OVER DAYAN'S REMARKS.

(PARAGRAPHS 9-13 UNCLASSIFIED)

9. PLO-US AMBASSADOR: A VIENNA RADIO BROADCAST AUGUST 15 REPORTED THAT A PLO REPRESENTATIVE IN VIENNA REFUTED ISRAELI PRESS REPORTS THAT THERE HAD BEEN CONTACTS BETWEEN A PLO REPRESENTATIVE AND THE US AMBASSADOR TO AUSTRIA. HE SAID THAT IF THE AMBASSADOR HAD SPOKEN WITH A PALESTINIAN, IT WAS NOT WITH A PLO REPRESENTATIVE ACTING ON OFFICIAL ORDERS.

11. PLO-ISRAEL-KREISKY: CHANCELLOR KREISKY WAS REPORTED TO HAVE TOLD AN AUSTRIAN NEWSPAPER AUGUST 15 THAT THE PLO IS "READY TO RECOGNIZE THE ISRAELI STATE." THE ISRAELIS "HAVE LEARNED NOTHING," KREISKY REPORTEDLY SAID, "IF THEY THINK THEY CAN KEEP A PEOPLE MULTIPLYING SO RAPIDLY UNDER POLICE CONTROL..."

12. IRAN-SYRIA: A KUWAITI NEWSPAPER REPORTED FROM TEHRAN AUGUST 16 THAT A TOKEN FORCE OF IRANIAN TROOPS WOULD BE LEAVING FOR DAMASCUS AUGUST 17 TO TAKE UP POSITIONS ON THE CONFRONTATION LINE WITH ISRAEL. THERE HAS BEEN NO CONFIRMATION OF THIS REPORT. THE SYRIAN FOREIGN MINISTER HAS BEEN ON AN OFFICIAL VISIT TO IRAN. AUGUST 16 HE ANNOUNCED THAT THE TWO COUNTRIES HAD AGREED TO SET UP ECONOMIC AND FOREIGN POLICY COMMITTEES TO DISCUSS COMMON INTERESTS.

12. BAATHISTS-NATIONAL MOVEMENT: THE LEBANESE PRESS HAS REPORTED THAT THE PLO-IRAQI BAATH PARTY SUSPENDED ITS MEMBERSHIP IN THE PREDOMINANTLY MUSLIM/LEFTIST LEBANESE NATIONAL MOVEMENT ON AUGUST 15. THE SUSPENSION MAY BE DUE TO INCREASING CONFLICT BETWEEN THE COMMUNISTS AND THE BAATHISTS.

13. ISRAEL-SOUTH LEBANON: BEIRUT RADIO REPORTED THAT ISRAELI ARTILLERY SHELLED THE VILLAGE OF YUHMOR IN SOUTH LEBANON AUGUST 16, KILLING A GIRL AND WOUNDING FOUR OTHER YOUTHS INCLUDING THREE MEMBERS OF ONE FAMILY. REUTER PLACED THE TOLL AT THREE CIVILIANS KILLED AND FOUR WOUNDED. CHRISTOPHER
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RUEHAD/USINT BAGHDAD 1939
RUQMLL/AMEMBASSY BEIRUT 5426
RUEHBR/AMEMBASSY BRASILIA 0927
RUQMOD/AMEMBASSY DOHA 1402
RUEHUB/USINT HAVANA 0579
RUEHJM/AMCONSUL JERUSALEM 2249
RUQMJA/AMEMBASSY JIDDA 2976
RUQMKW/AMEMBASSY KUWAIT 8158
RUEHMA/AMEMBASSY MANAMA 5444
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RUQMNS/AMEMBASSY SANA 5436
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RUEHTV/AMEMBASSY TEL AVIV 5916
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C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 01 OF 03 STATE 221305/01

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TAGS: UPU, PORG, IS, SA

SUBJECT: POSSIBLE EXPULSION OF MEMBER STATES FROM THE UNIVERSAL POSTAL UNION (UPU)

REF: A) GENEVA 13728; B) STATE 217581

1. REFTELS BEING REPEATED TO POSTS WHICH HAVE NOT YET RECEIVED THEM.

2. THE UPU WILL HOLD ITS 18TH CONGRESS IN RIO DE JANEIRO SEPTEMBER 18 - OCTOBER 13. ONE OF THE ISSUES TO BE RESOLVED AT THE CONGRESS IS THE FATE OF PROPOSED CONSTITUTIONAL AMENDMENTS PROVIDING FOR THE "RETRACTION" BY THE CONGRESS OF A MEMBER STATE'S ACCESSION TO THE UPU CONVENTION. "RETRACTION OF ACCESSION" WOULD BE THE EQUIVALENT OF EXPULSION FROM THE UPU. SUCH ACTION COULD SEVERELY PREJUDICE POSTAL COMMUNICATIONS BETWEEN THE EXPELLED STATE AND OTHER STATES. (THE UPU CONSTITUTION NOW PROVIDES--ARTICLES 2 AND 11--THAT ANY MEMBER OF THE UN IS ADMITTED TO THE UPU UPON REQUEST.)

3. THE LIST OF INDIVIDUAL CO-SPONSORS IS NOT YET AVAILABLE AS THE AMENDMENTS HAVE BEEN SUBMITTED BY THE ARAB POSTAL UNION, WHICH RECENTLY RELOCATED FROM CAIRO TO TUNIS FOLLOWING THE SIGNING OF THE EGYPT/ISRAEL PEACE TREATY. WE ASSUME THAT ISRAEL IS THE DIRECT TARGET OF THE PROPOSAL, ALTHOUGH THE PROPOSAL CAN ALSO BE EXPECTED TO HAVE PARTICULAR APPEAL TO THOSE WHO HAVE ATTEMPTED IN PAST YEARS TO EXPEL SOUTH AFRICA FROM THE UPU. THE US CONSIDERS IT IMPORTANT THAT WE DEFEAT THE AMENDMENTS, ADOPTION OF WHICH REQUIRES THE AFFIRMATIVE VOTE OF TWO-THIRDS OF THE FULL UPU [illegible].

4. IF WE ARE SUCCESSFUL IN BLOCKING THE CONSTITUTIONAL AMENDMENTS, ISRAEL'S OPPONENTS MAY PRESS THE EXCLUSION OF ISRAEL FROM THE CONGRESS. THIS COULD BE ACCOMPLISHED BY A MAJORITY OF THOSE PRESENT AND VOTING. EXCLUSION OF ISRAEL FROM THE CONGRESS COULD ALSO BE PUT FORWARD BY CERTAIN STATES AS A "COMPROMISE" ALTERNATIVE TO EXPULSION FROM THE UPU. WHILE EXCLUSION DOES NOT PREVENT A COUNTRY FROM ENJOYING MOST BENEFITS OF UPU MEMBERSHIP, WE WOULD ALSO STRONGLY OPPOSE EXCLUSION OF ISRAEL FROM THE CONGRESS. SOUTH AFRICA HAS BEEN EXCLUDED FROM EACH CONGRESS SINCE 1964, AND UNDER NO CIRCUMSTANCES DO WE WANT TO SEE ISRAEL TREATED IN THE SAME FASHION. WHILE EXCLUSION OF ISRAEL HAS NOT YET BEEN PROPOSED, AND WE DO NOT WISH TO PRECIPITATE SUCH A MOVE THROUGH UNNECESSARY DISCUSSION, EMBASSIES SHOULD BE FOREWARNED OF THE POSSIBILITY.

5. IN A SEPARATE BUT RELATED MATTER, THE CONGRESS WILL ALSO HAVE TO DISPOSE OF A RESOLUTION WHICH WOULD PURPORT TO EXPEL SOUTH AFRICA WITHOUT AMENDING THE CONSTITUTION. IT IS SPONSORED BY BURUNDI, EGYPT, GHANA, GUINEA, GUINEA-BISSAU, LIBERIA, LIBYA, MALI, MAURITANIA, SOMALIA, SUDAN, AND ZAIRE. BECAUSE THE UPU CONSTITUTION AND RULES OF PROCEDURE DO NOT PROVIDE FOR EXPULSION OF A MEMBER STATE, IT IS OUR VIEW THAT SUCH EXPULSION CANNOT LEGITIMATELY BE CARRIED OUT. IN ANY EVENT SUCH AN ACTION WOULD HAVE NO PRACTICAL EFFECT WITHOUT APPROPRIATE CONSTITUTIONAL AMENDMENTS, IN VIEW OF THE AUTOMATIC APPLICATION OF UN MEMBERS. THEREFORE, EVEN IF A MEMBER COULD BE EXPELLED IT WOULD BE IMMEDIATELY ELIGIBLE FOR READMISSION WITHOUT A VOTE OF THE CONGRESS. THE SOUTH AFRICAN ISSUE HAS ARISEN IN ONE FORM OR ANOTHER AT EACH OF THE CONGRESSES SINCE 1964, WITH THE OUTCOME IN EACH CASE BEING EXCLUSION OF SOUTH AFRICA FROM PARTICIPATION IN THE CONGRESS, BUT NOT EXPULSION FROM THE UPU ITSELF. SOUTH AFRICA IS THUS A MEMBER OF THE UPU, BUT WILL NOT BE SENDING A DELEGATION TO THE RIO CONGRESS.

6. OUR TACTICAL OBJECTIVE IS TO OBTAIN SUPPORT FROM STATES TO OPPOSE ON PRINCIPLE EXPULSION OF MEMBER COUNTRIES FROM THE UPU. WHILE EFFORTS TO EXPEL ISRAEL AND/OR SOUTH AFRICA ARE LIKELY TO BE THE CONCRETE CASES AT ISSUE, WE HOPE TO GAIN THE WIDEST POSSIBLE SUPPORT FOR OUR POSITION BY

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RUFHAD/USINT BAGHDAD 1940
RUQMBE/AMEMBASSY BEIRUT 9027
RUEHDM/AMEMBASSY DAMASCUS 6528
RUQMOD/AMEMBASSY DOHA 0303
RUEHUB/USINT HAVANA 8560
RUEHJM/AMCONSUL JERUSALEM 2250
RUQMRA/AMEMBASSY JIDDA 0977
RUQMKW/AMEMBASSY KUWAIT 8199
RUQMAM/AMEMBASSY MANAMA 5445
RUQMMT/AMEMBASSY MUSCAT 1401
RUDNRT/AMEMBASSY RABAT 3350
RUQMNS/AMEMBASSY SANA 5437
RUQMZN/USMISSION SINAI 9816
RUQMHR/AMEMBASSY TEHRAN 4213
RUEHTV/AMEMBASSY TEL AVIV 5917
RUQMTI/AMEMBASSY TRIPOLI 9621
RUDKAR/AMEMBASSY TUNIS 4937
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EMPHASIZING THE PROBLEM IN PRINCIPLE WITH EXPULSION--OR EXCLUSION FROM PARTICIPATION--OF ANY MEMBER. SIMILARLY, WHILE EFFORTS TO EXPEL OR EXCLUDE MAY BE DIRECTED AT BOTH ISRAEL AND SOUTH AFRICA, THERE ARE OBVIOUS TACTICAL DISADVANTAGES TO LINKING THE TWO IN OUR DEMARCHES. ACCORDINGLY, WE INTEND TO HANDLE THE TWO CASES DIFFERENTLY.

4. EMBASSIES ARE REQUESTED TO RAISE MATTER OF UNIVERSAL PARTICIPATION IN THE UPU WITH HOST GOVERNMENTS, DRAWING AS APPROPRIATE ON FOLLOWING TALKING POINTS, UNLESS EMBASSY BELIEVES IT WOULD BE COUNTERPRODUCTIVE:

--THE 18TH CONGRESS OF THE UNIVERSAL POSTAL UNION IS SCHEDULED FOR SEPTEMBER 12 TO OCTOBER 26 IN RIO DE JANEIRO. AS THE UNITED NATIONS SPECIALIZED AGENCY CONCERNED WITH INTERNATIONAL POSTAL MATTERS, THE UPU FILLS AN IMPORTANT NEED OF THE INTERNATIONAL COMMUNITY.

--IT IS OUR UNDERSTANDING THAT AMONG THE PROPOSALS TO BE CONSIDERED BY THE CONGRESS ARE AMENDMENTS TO ARTICLES 11 AND 12 OF THE CONSTITUTION, WHICH AMENDMENTS WOULD ESTABLISH PROCEDURES FOR "RETRACTION" BY THE CONGRESS OF ACCESSION OF MEMBER STATES. THESE AMENDMENTS WOULD THUS AUTHORIZE EXPULSION OF MEMBERS FROM THE UPU.

--EXPULSION FROM THE UPU COULD SEVERELY PREJUDICE POSTAL COMMUNICATIONS BETWEEN THE EXPELLED STATE AND THE OTHER MEMBERS OF THE UPU AND, NO LESS SERIOUSLY, WOULD ELIMINATE THE PRINCIPLE OF UNIVERSAL MEMBERSHIP ON WHICH THE UPU NOW OPERATES. SUCH POLITIZATION OF A UN AGENCY WOULD SERIOUSLY UNDERCUT THE INTEGRITY OF THE ORGANIZATION AND INTERFERE WITH THE TECHNICAL WORK IT IS INTENDED TO ACCOMPLISH: THE MOVEMENT OF INTERNATIONAL MAIL. IT WOULD ALSO UNDERCUT PUBLIC SUPPORT FOR THE UN SYSTEM IN OUR COUNTRY.

--WE BELIEVE THAT APPROVAL BY THE CONGRESS OF THE PROPOSED CONSTITUTIONAL AMENDMENT AUTHORIZING "RETRACTION OF THE ACCESSION" OF A MEMBER STATE WOULD BE A SERIOUS MISTAKE AND WE HOPE THE GOVERNMENT OF WILL INSTRUCT ITS DELEGATION TO OPPOSE SUCH ACTION.

--WE HAVE REASON TO BELIEVE THE PROPOSED CONSTITUTIONAL AMENDMENTS ARE INTENDED TO FACILITATE EXPULSION OF ISRAEL FROM THE UPU. WE HOPE THE GOVERNMENT OF APPRECIATES THE NEGATIVE EFFECT EXPULSION OF ISRAEL FROM THE UPU, OR ANY OTHER ACTION DESIGNED TO LIMIT ISRAELI PARTICIPATION IN THE UPU, WOULD HAVE ON THE UPU ITSELF AND THROUGHOUT THE UNITED NATIONS SYSTEM. AS THE GOVERNMENT OF WILL APPRECIATE, ANY SUCH ACTION WOULD ELICIT AN EXTREMELY NEGATIVE REACTION IN THE UNITED STATES.

--WE HOPE THE DELEGATION WILL BE INSTRUCTED TO TAKE THE NECESSARY ACTION TO PREVENT THE CONFRONTATION THAT WOULD RESULT AT THE RIO CONGRESS FROM ANY EFFORT TO RESTRICT ISRAELI PARTICIPATION IN THE UPU. IT IS THE OPINION OF THE UNITED STATES GOVERNMENT THAT DISCUSSION OF THIS OR OTHER EXTRANEOUS POLITICAL ISSUES CAN ONLY IMPEDE THE EFFECTIVENESS OF THE CONGRESS AND THE UPU. HOWEVER, SHOULD ANY SUCH EFFORT BE MADE, WE HOPE YOUR DELEGATION WILL BE INSTRUCTED TO OPPOSE ANTI-ISRAELI ACTIONS BY THE CONGRESS.

--(TO BE USED ONLY IN DISCUSSION IF FOLLOWING SPECIFIC CONTINGENCY IS RAISED BY HOST GOVERNMENT) THE GOVERNMENT OF THE UNITED STATES WOULD ALSO STRONGLY OPPOSE ANY EFFORTS TO EXCLUDE ISRAEL FROM THIS CONGRESS FOR THE SAME REASONS GIVEN ABOVE. THE AMERICAN PEOPLE WOULD NOT DIFFERENTIATE BETWEEN EXCLUSION AND EXPULSION, AND THEIR REACTION TO EITHER EVENT WOULD BE EQUALLY NEGATIVE. IN THE INTEREST OF PRESERVING THE INTEGRITY OF THE UPU AND THE RIO CONGRESS, WE HOPE THE GOVERNMENT OF WILL JOIN US IN ATTEMPTING TO PREVENT EXCLUSION OF ISRAEL FROM THE CONGRESS SHOULD SUCH A PROPOSAL BE MADE.

4. FOR BERN, BONN, OTTAWA, LONDON, STOCKHOLM, THE HAGUE TOKYO: EMBASSIES SHOULD RAISE WITH HOST GOVERNMENTS THE SI
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RUFRAS/AMEMBASSY ALGIERS 1504
RUEHAM/AMEMBASSY AMMAN 0750
RUSNAD/USINT BAGHDAD 1941
RUQMLE/AMEMBASSY BEIRUT 9028
RUEHDM/AMEMBASSY DAMASCUS 0529
RUQMOD/AMEMBASSY DOHA 0304
RUEHUH/USINT HAVANA 0581
RUEHJM/AMCONSUL JERUSALEM 2251
RUQMJA/AMEMBASSY JIDDA 2978
RUQMKW/AMEMBASSY KUWAIT 8200
RUQMMA/AMEMBASSY MANAMA 5446
RUQMMT/AMEMBASSY MUSCAT 8402
RUDNKT/AMEMBASSY RABAT 3551
RUQMNS/AMEMBASSY SANA 5438
RUQMZN/USMISSION SINAI 9819
RUQMHR/AMEMBASSY TEHRAN 4214
RUEHTV/AMEMBASSY TEL AVIV 5918
RUQMTI/AMEMBASSY TRIPOLI 9622
RUDKNR/AMEMBASSY TUNIS 4938
RUMJFC/AMEMBASSY VIENTIANE 0321
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POSSIBILITY OF THEIR MAKING DEMARCHES SIMILAR TO OUR OWN TO OTHER CAPITALS PRIOR TO THE SEPTEMBER 12 CONGRESS.

3. FOR BONN ONLY: DR. FRITZ KOLLER, HEAD OF THE INTERNATIONAL POSTAL SERVICE, FEDERAL MINISTRY OF POSTS AND TELECOMMUNICATIONS, WILL BE CHAIRMAN OF THE FOURTH (GENERAL) COMMITTEE AT THE HIQ CONGRESS. THIS COMMITTEE WOULD NORMALLY CONSIDER CONSTITUTIONAL AMENDMENTS (SEE PARA 15 OF REFTEL AND STATE 207641). ISRAEL HAS AGREED WITH OUR ASSESSMENT THAT IT WOULD BE PREFERABLE FOR THE AMENDMENTS TO BE CONSIDERED THERE RATHER THAN IN PLENARY. ISRAEL SHOULD HAVE ALREADY HAVE CONTACTED KOLLER ALONG THE LINES RECOMMENDED IN STATE 207641 PARA 3, BUT WE DO NOT HAVE A REPORT ON THE CONTACT. BY VIRTUE OF HIS CHAIRMANSHIP OF THE FOURTH COMMITTEE, KOLLER WILL BE A MEMBER OF THE CONGRESS BUREAU (THE CONGRESS STEERING GROUP) AND MAY BE IN A KEY POSITION TO AFFECT CONGRESS DECISIONS. EMBASSY MAY WISH TO TOUCH BASE WITH KOLLER, INDICATING THE IMPORTANCE WE ATTACH TO MAINTAINING THE UNIVERSALITY OF THE UPU AND OUR DESIRE, IN PARTICULAR, OF AVOIDING ANY ACTION AGAINST

ISRAEL.

10. FOR BRASILIA: PRESIDENT OF THE UPU CONGRESS WILL BE ARNALDO CARDOZO BOTTO DE BARROS, PRESIDENT OF THE BRAZILIAN ENTERPRISE OF POSTS AND TELEGRAPHS. CHARGE D'AFFAIRES OF THE CONGRESS WILL BE NEWLY LOPEZ LANDEIRA, OF THE SAME ORGANIZATION. IF AMBASSADOR BELIEVES THAT US OBJECTIVES, AS SET FORTH IN THIS CABLE, WOULD BE ADVANCED BY HIS CONTACTING BOTTO, WE REQUEST THAT SUCH A CONTACT BE MADE WITH A VIEW TO EMPHASIZING THE IMPORTANCE WE ATTACH TO MAINTAINING THE UNIVERSALITY OF THE UPU AND EXPRESSING THE HOPE THAT CONTROVERSIAL POLITICAL ISSUES CAN BE AVOIDED.

11. FOR MEXICO CITY: ROMEO RINCON SERRANO, DIRECTOR GENERAL OF POSTS WILL HEAD THE MEXICAN DELEGATION AND WILL BE CHAIRMAN OF THE CREDENTIALS COMMITTEE, WHICH WILL ALSO MAKE HIM A MEMBER OF THE CONGRESS BUREAU (A STEERING GROUP CONSISTING OF THE OFFICERS OF THE CONGRESS AND COMMITTEE CHAIRMEN). EMBASSY MAY WISH TO CONTACT HIM IN ADDITION TO APPROPRIATE MFA OFFICIALS AND EXPRESS THE HOPE THAT HE WILL USE HIS POSITION TO HELP ENSURE MAINTENANCE OF THE PRINCIPLE OF UNIVERSALITY IN THE UPU.

12. IF ISSUE OF SOUTH AFRICA IS RAISED BY HOST GOVERNMENT, POSTS SHOULD DRAW ON REF F FOR RESPONSE.

13. TALKING POINTS IN FRENCH AND SPANISH WILL FOLLOW ASAP. CHRISTOPHER

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INFO AMEMBASSY TREASURY DEPARTMENT WASHDC PRIORITY 2696
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C O N F I D E N T I A L SECTION 1 OF 10 STATE 225295/01

CN 1114

E.O. 12065 GDS 8/27/85 (MONTVILLE, JOSEPH V.)

POL
CHG
CHRON
ECON
RF

TAGS: EG, IS, PINR

SUBJECT: INTSUM 883 - AUGUST 27, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHODS INVOLVED
NOT RELEASABLE TO FOREIGN NATIONALS

(PARAGRAPHS 1-6 CONFIDENTIAL)

1. ISRAEL: THE STATE OF THE LABOR PARTY: THE POLITICAL FORTUNES OF THE LABOR PARTY ARE IMPROVING. INDEED, THE TREND TOWARD LABOR AND AWAY FROM THE LIKUD HAS ACCELERATED IN RECENT MONTHS. THE LATEST PUBLIC OPINION POLL INDICATES THAT LABOR WOULD WIN A CLEAR VICTORY OVER THE LIKUD IF ELECTIONS WERE HELD NOW. (OF COURSE, LABOR WOULD STILL FALL CONSIDERABLY SHORT OF A MAJORITY. HOWEVER, AND WOULD HAVE TO FORM A COALITION WITH THE NATIONAL RELIGIOUS PARTY.)

2. LABOR'S SHARP ASCENT IN RECENT MONTHS IS PROBABLY DUE TO THE MISTAKES OF OTHERS RATHER THAN TO ANY NOTEWORTHY INTERNAL RECONSTRUCTION. THE PERCEPTION THAT THE LIKUD ADMINISTRATION IS INCOMPETENT, ESPECIALLY IN THE MANAGEMENT OF THE ECONOMY, IS PERVASIVE, AND THAT HAS HELPED LABOR. THE OPEN FEUDING OF LEADING MINISTERS HAS ALSO DAMAGED THE CREDIBILITY OF THE LIKUD.

3. OF ALMOST EQUAL SIGNIFICANCE HAS BEEN THE ELIMINATION OF THE UNIFIED YADIA PARTY (DMC) AS A SERIOUS POLITICAL FACTOR. RECENT POLLS INDICATE A VIRTUAL TOTAL EVAPORATION OF PUBLIC SUPPORT FOR IT. THE GREAT BULK OF THE ORIGINAL DMC VOTERS HAVE RETURNED THEIR ALLEGIANCE TO THE LABOR PARTY.

4. ALL IS NOT ROSES FOR THE LABOR PARTY, HOWEVER. THE RECENT PUBLICATION OF FORMER PRIME MINISTER RABIN'S MEMOIRS EXPOSES DEEP DISUNITY WITHIN THE LABOR ALIGNMENT. RABIN ACCUSES THE LEADER OF THE LABOR PARTY, PERES, OF LYING, DECEPTION, AND SECURITY LEAKS DURING THE LAST LABOR GOVERNMENT. RABIN'S CLAIM THAT PERES IS UNFIT TO [illegible] MINISTER WILL NOT HELP LABOR.

5. THE PRESENT STORM PROBABLY WILL NOT AFFECT PERES' POSITION. LABOR IS MORE OR LESS COMMITTED TO FOLLOW PERES' LEADERSHIP, AND THE LATTER REMAINS THE ODDS-ON FAVORITE TO BECOME PRIME MINISTER IN THE EVENT THAT LABOR WINS THE NEXT ELECTION. A REAL PROBLEM COULD DEVELOP FOR PERES AND LABOR, HOWEVER, IF RABIN REPEATS OR EMBELLISHES HIS CHARGES JUST BEFORE THE NEXT ELECTION.

6. [illegible] IF THIS WERE TO HAPPEN, HOWEVER, THE PERFORMANCE OF THE PRESENT COALITION GOVERNMENT IS LIKELY TO BE A MORE IMPORTANT ELECTION ISSUE THAN OLD LABOR PARTY SCANDALS. THE MEMORIES OF MANY ISRAELI VOTERS ARE SHORT, AND THEIR ATTENTION WILL REMAIN DRAWN TO THE LIKUD GOVERNMENT'S OPERATIONS.

7. (U) ISRAELI PRESS: IN HIS JERUSALEM POST ARTICLE ON AMBASSADOR STRAUSS, WOLF BLITZER WROTE AUGUST 24 THAT THE LATEST CHAPTER IN THE MIDDLE EAST PEACE NEGOTIATIONS HAS LEFT AMBASSADOR STRAUSS WITH "A FRAYED CONFIDENCE." THE ARTICLE BEGAN BY SAYING THAT "THE CARTER ADMINISTRATION'S RECENTLY SCRAPPED PROPOSAL TO HAVE THE US INTRODUCE ITS OWN SC RESOLUTION...WAS A MAJOR DIPLOMATIC BLUNDER." A HA'ARETZ INTERVIEW WITH THE AMBASSADOR SAID THAT "WHEN STRAUSS SAYS PEOPLE ARE SPEAKING ILL OF

ISRAEL...(PREVENTING) PALESTINIAN PARTICIPATION IN THE TALKS, AND WHEN STRAUSS HINTS THAT HE DOES NOT SUBSCRIBE TO THE VIEW...(HE) COULD BE SAYING INDIRECTLY THAT ISRAEL MUST NOT LET SUCH THOUGHTS TO GET HOLD."

ELSEWHERE, A HA'ARETZ ARTICLE SAYS WASHINGTON'S INTEREST HAS SHIFTED FROM THE ARAB-ISRAELI DISPUTE TO THE LINKAGE OF OIL TO PALESTINIANS.

WRITING FROM WASHINGTON, A YEDIOT AHARANOT REPORTER WARNS THAT THE "ECONOMIC BILL FOR THE BLUNDERS OF (ISRAELI FINANCE MINISTER) EHRLICH AND COMPANY IS ROUTED BY UNCLE SAM AND WILL SOON MIND THE AMOUNT TOO BIG TO [illegible] ROLL." HE ALSO WROTE THAT "THE MOST STUNNING DISCOVERY TO HAVE EMERGED FROM THE YOUNG AFFAIR IS THAT THE ARABS AND THE PLO HAVE AT LONG LAST MANAGED TO SELL THEIR CAUSE TO THE AMERICAN PUBLIC." BUT HE CHARGED THAT "NOW WHEN THE SITUATION CALLS FOR US TO WALK ON TIPTOE...ISRAELI (OFFICIALS) CARRY ON LIKE BULLS IN A CHINA SHOP."

8. (C) GOLAN-SHARON CLAIMS: IN AN AUGUST 23 VISIT TO ELAZE VILLAGE ON THE GOLAN HEIGHTS, SHARON RENEWED HIS CLAIM THAT ISRAEL INTENDS TO KEEP THE GOLAN EVEN IN THE EVENT OF PEACE WITH SYRIA. "AS FAR AS I AM CONCERNED," HE SAID, "THE GOLAN HEIGHTS ARE AN INTEGRAL PART OF

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ISRAEL...IN MY OPINION, THE GOVERNMENT VIEWS IT AS I DO, ONLY IT HAS USED DIFFERENT WORDING." EMBASSY TEL AVIV COMMENTS THAT STATEMENTS LIKE SHARON'S AND OTHER ACTIONS, LIKE THE ANNEXATION PETITION (WHICH NOW HAS REPORTEDLY 414,000 SIGNATURES) ARE SUBSTITUTES FOR CONCRETE ACTIONS IN ANNEXING THE GOLAN. THE GOVERNMENT'S HESITATION TO GRANT IDENTITY CARDS TO THE DRUZE IN THE AREA IS ANOTHER INDICATION OF ITS AMBIVALENCE ON THE ISSUE, THE EMBASSY SAYS. WEIZMAN HAS SIGNED THE ANNEXATION PETITION, LARGELY FOR RHETORICAL PURPOSES.

BEGIN AND DAYAN HAVE NOT SIGNED IT AND DAYAN CONTINUES TO BELIEVE THAT ULTIMATELY, ISRAEL WILL HAVE TO WITHDRAW FROM MOST OF THE GOLAN.

9. (C/NF) ISRAELI NEAR LOSS OF AIRCRAFT: ON AUGUST 15 THE ISRAELI AIR FORCE (IAF) NEARLY LOST ITS FIRST E-2C EARNING AND CONTROL AIRCRAFT. AN ON BOARD FIRE FORCED THE PLANE TO MAKE AN EMERGENCY LANDING. THE AIRCRAFT WAS SEVERELY DAMAGED AND WILL BE INOPERABLE FOR ONE TO SIX MONTHS. THE LONGER PERIOD IS CONSIDERED MORE LIKELY. E-2CS HAVE BEEN USED SINCE JUNE 1979 TO SUPPORT ISRAELI STRIKE AND RECONNAISSANCE MISSIONS OVER LEBANON. ISRAEL HAS THREE OTHER E-2CS IN ITS INVENTORY.

10. (U) ISRAEL-UNTSO ISSUE: JERUSALEM RADIO REPORTED THAT AUGUST 26 ISRAELI CABINET MEETING DECIDED TO DEMAND THAT THE UNITED STATES HONOR ITS COMMITMENT REGARDING THE PRESENCE OF UN FORCES IN SINAI OR THE ESTABLISHMENT OF A MULTINATIONAL FORCE THERE. FOREIGN MINISTER DAYAN REPORTEDLY SAID INSIDE THE MEETING THAT ISRAEL SHOULD CONSIDER ITS REACTION BEFORE ANY MORE OF THE SINAI PENINSULA IS RETURNED. THERE WERE OTHER MINISTERS WHO PROPOSED EXPLICITLY INFORMING THE US AND EGYPT THAT IF AN EARLY SOLUTION IS NOT FOUND, ISRAEL WILL NOT EVACUATE THE AREA IT IS SCHEDULED TO LEAVE THE MIDDLE OF NEXT MONTH. THE RADIO'S POLITICAL CORRESPONDENT NOTES THAT EFFORTS TO CLARIFY THIS ISSUE WITH THE US ADMINISTRATION WILL BE UNDERTAKEN SOON, CULMINATING IN THE MEETINGS DAYAN WILL HOLD IN THE US NEXT MONTH.

11. (U) ISRAEL CABINET-LEBANON: JERUSALEM RADIO REPORTS THAT IN THE NEXT SEVERAL DAYS THE ISRAELI CABINET WILL DISCUSS MEASURES ISRAEL HAS BEEN TAKING IN LEBANON. FIVE MINISTERS REPORTEDLY TOOK EXCEPTION TO CURRENT ISRAELI AIR AND GROUND OPERATIONS.

WEVER, CABINET SECRETARY NA'OR AUGUST 26 SUMMED UP ISRAEL'S POSITION ON THE FIGHTING BY BLAMING "TERRORISTS & THE SO-CALLED PLO" FOR ESCALATING THE FIGHTING. HE CITED PALESTINIAN CLASHES WITH FIJIAN SOLDIERS AND ROCKET ATTACKS AGAINST ISRAELI CIVILIAN SETTLEMENTS (CARRIED OUT AFTER A WEEK OF HEAVY ISRAELI/RIGHTIST SHELLING OF SOUTH LEBANON). "OF COURSE, WE ARE LAUNCHING COUNTER-ATTACKS ON THOSE MURDERERS...AND WE SHALL CONTINUE," NA'OR SAID.

14. (U) ISRAEL-DEPORTATION: CONSULATE GENERAL JERUSALEM REPORTS THAT THE AUGUST 22 ISSUE OF AN ARAB NEWSPAPER CLAIMED THAT A PALESTINIAN FROM A VILLAGE NEAR RAMALLAH ON THE WEST BANK WAS DEPORTED "RECENTLY" BY THE ISRAELI MILITARY AUTHORITIES. THE DEPORTEE HAD ARRIVED ON THE WEST BANK IN FEBRUARY UNDER A FAMILY REUNION PROGRAM. THE ISRAELI SUPREME COURT UPHELD THE ACTION. (THE NUMBER OF DEPORTATIONS FROM THE WEST BANK HAS DROPPED DRASTICALLY IN RECENT YEARS BUT THE POLICY OBVIOUSLY REMAINS IN FORCE.)

15. (U) ISRAEL-BOMBING: A VOICE OF PALESTINE BROADCAST (LO) CLAIMED THAT AT NOON (LOCAL) AUGUST 26 A BOMB EXPLODED AT AN "ENEMY PERSONNEL PICKUP POINT" (POSSIBLY A HITCHHIKING STATION FOR IDF PERSONNEL) NEAR JERUSALEM. THE BROADCAST REPORTED THAT A "NUMBER OF ENEMY PERSONNEL HAVE KILLED OR WOUNDED" AND THAT A NEARBY ELECTRICAL STATION WAS DAMAGED. IT ALLEGED THAT ISRAEL RADIO HAD CONFIRMED THE INCIDENT. WE HAVE NO CONFIRMATION FROM ISRAEL THAT SUCH AN ATTACK OCCURRED.

16. (C) WEIZMAN-GAZA STRIP: EMBASSY TEL AVIV REPORTS THAT WEIZMAN'S AUGUST 25 VISIT TO THE GAZA STRIP WAS LARGELY A MEDIA EVENT AND AN ATTEMPT TO DEMONSTRATE HIS CONCERN FOR BOTH JEWISH SETTLERS AND PALESTINIANS. HE INDICATED POSITIVE MOVEMENT ON SOME PALESTINIAN REQUESTS. WHEN ASKED BY SETTLERS ABOUT THE GOVERNMENT'S POLICY ON THE FUTURE OF GAZA AND OF SETTLEMENTS BEYOND THE GREEN LINE, WEIZMAN'S DEPUTY SAID, ACCORDING TO ISRAELI RADIO, THAT ANOTHER SETTLEMENT IS EXPECTED WITHIN THE KATIF DISTRICT WITHIN TWO WEEKS BRINGING THE TOTAL NUMBER OF SETTLEMENTS THERE TO FOUR. WEIZMAN ADVISED THE SETTLERS TO "GO ON QUIETLY BUILDING YOUR FUTURE. THE ISRAELI GOVERNMENT....WILL STAND BY ITS DECISION. WE SHALL DEVELOP THIS REGION ACTIVELY ACCORDING TO THE PLANS WE HAVE ADOPTED." THE EMBASSY COMMENTS THAT WEIZMAN ALSO IS MAKING THE POINT THAT EVEN THOUGH HE IS AVOIDING THE AUTONOMY TALKS, HE IS STILL THE ISRAELI OFFICIAL RESPONSIBLE FOR THE WEST BANK AND GAZA.

15. (U) PERSIAN GULF-OIL TANKER SINKS: PRESS AND EMBASSY REPORTING INDICATES THAT A SINGAPOREAN TANKER SANK NEAR ABU DHABI AUGUST 26 AFTER AN EXPLOSION ON BOARD. THE

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C O N F I D E N T I A L FINAL SECTION OF 03 STATE 225283/03

TANKER, A RELATIVELY SMALL VESSEL (38,000 DWT) NAMED MV CHERRY DUKE, BROKE UP AND SANK ABOUT 17 MILES FROM DAS ISLAND. PRESS REPORTS INDICATE THAT THE SHIP'S AGENTS ATTRIBUTE THE EXPLOSION TO GAS AND OIL VAPORS IN THE SHIP AND NOT TO SABOTAGE. THE ABU DHABI MARINE AUTHORITY REPORTED THAT THE VESSEL WAS TRAVELLING IN BALLAST FROM KARACHI BOUND FOR JEBEL DANA (A PORT WEST OF ABU DHABI). FIVE CREW MEMBERS ARE MISSING; ONE DIED EN ROUTE TO ABU DHABI.

16. (U) PLO-ROMANIA: YASSIR ARAFAT MET AUGUST 25 WITH NICOLAI CEAUCESCU AT A BUCHAREST SUBURB ONLY NINE DAYS AFTER THE TWO MEN HAD CONFERRED IN DAMASCUS. AP REPORTS THAT THE ROMANIAN NEWS AGENCY SAID A JOINT STATEMENT WAS ISSUED WHICH CALLED FOR ISRAEL'S "TOTAL, UNCONDITIONAL AND UNDELAYED WITHDRAWAL FROM OCCUPIED TERRITORIES." THE STATEMENT ALSO DEMANDED RECOGNITION OF THE "PALESTINIAN PEOPLE'S INALIENABLE NATIONAL RIGHTS, INCLUDING THE RIGHT TO SELF-DETERMINATION, TO RETURN TO ITS HOME AND TO ESTABLISH ITS OWN INDEPENDENT STATE." IF THE AP REPORT IS CORRECT, THIS FORMULATION WOULD GO WELL BEYOND ANYTHING TO WHICH ROMANIA HAS COMMITTED ITSELF IN ITS EFFORTS TO MEDIATE ARAB-ISRAELI DIFFERENCES.

ARAB PRESS REPORTS MENTION THAT ARAFAT MAY TRAVEL TO THE USSR PRIOR TO GOING TO THE NON-ALIGNED SUMMIT IN HAVANA. THE SOVIETS ARE THOUGHT TO BE UNHAPPY WITH SOME OF ARAFAT'S RECENT INITIATIVES.

17. (U) PLO-KREISKY: REUTER REPORTS THAT AUSTRIAN CHANCELLOR KREISKY HAS IN AN INTERVIEW WITH A KUWAITI NEWSPAPER URGED THE WORLD TO RECOGNIZE THE PALESTINIAN PEOPLE'S RIGHT TO SELF-DETERMINATION. KREISKY SAID PROMINENT JEWISH-AMERICAN NAHUM GOLDMANN HAS EXPRESSED THE WISH TO MEET ARAFAT AND CONDUCT A DIALOGUE WITH HIM. KREISKY OFFERED THE VIEW THAT ARAFAT "TACKLES MATTERS

PRACTICALLY AND OBJECTIVELY.

18. (LOU) "LET THEM DRINK SEAWATER"-SADAT STRIKES AGAIN: EMBASSY CAIRO REPORTS THAT SADAT DENIED THE VALUE OF A UN RESOLUTION ON THE PALESTINIANS AND AGAIN LAMBASTED HIS ARAB CRITICS IN A SPEECH IN SUEZ AUGUST 26. SADAT BEGAN BY SAYING THAT A NEW SECURITY COUNCIL RESOLUTION COULD NOT GIVE THE PALESTINIANS SELF-RULE, RELEASE PALESTINIAN PRISONERS, FORCE AN ISRAELI WITHDRAWAL OR ABOLISH ISRAELI CIVILIAN AND MILITARY RULE. EGYPT, SADAT SAID, HAS ACHIEVED ISRAELI WITHDRAWAL AND PALESTINIAN SELF-RULE. HE SAID ISRAELI SECURITY FORCES WILL NOT BE AN ARMY OF OCCUPATION AND WILL BE PULLED BACK TO LIMITED SECURITY POINTS. SADAT SAID HE TOLD AMBASSADOR STRAUSS THAT EGYPT WOULD NOT RETREAT FROM CAMP DAVID. HE SAID ANY NEW RESOLUTION SHOULD MEET TWO CONDITIONS: A PRECISE DEFINITION OF THE LEGITIMATE INTERESTS OF THE PALESTINIANS AND NON-INTERFERENCE WITH THE CAMP DAVID ACCORDS.

SADAT SAID HIS ARAB CRITICS COULD "SPOUT AND DRINK FROM THE SEA." HE SAID THESE ARABS ARE HYPOCRITES, SINCE THEY HAVE PRIVATELY TOLD THE US THEY ARE OPPOSED TO A PALESTINIAN STATE. HE IMPLIED THAT THE SAUDIS AND OTHER GULF ARABS ARE CELEBRATING THE MUSLIM HOLIDAYS WITH GOLD, JEWELRY AND GAMBLING. SAUDI BEHAVIOR, HE SAID, IS RIDICULOUS, PETTY AND CHILDISH. HE RETURNED TO HIS PAST PRACTICE OF BELITTLING THE PRESENT SAUDI LEADERSHIP BY RAISING THE REIGN OF KING FAISAL. HE DISMISSED KING HUSSEIN AS AN IMPORTUNING BEGGAR. HIS ONLY KIND WORDS WERE FOR SUDAN, OMAN AND SOMALIA.

19. (U) UNIFIL-CASUALTIES: THREE FIJIAN UNIFIL SOLDIERS WERE KILLED AND TWO WERE WOUNDED, ONE CRITICALLY, AUGUST 24 WHEN THEIR PATROL WAS AMBUSHED, APPARENTLY BY ELEMENTS OF PALESTINIAN LEFTISTS. THE INCIDENT IS THE LATEST IN A SERIES OF CLASHES OVER THE PAST THREE DAYS BETWEEN UNIFIL GROUPS AND THE LEFTISTS, ONE OF WHOM WAS KILLED BY A FIJIAN SOLDIER EARLIER THIS WEEK. SEVERAL UNIFIL SOLDIERS WERE WOUNDED TWO DAYS AGO IN TWO FIRE FIGHTS.

20. (U) FRG-LEBANON: PRESS REPORTS AUGUST 24 SAID A HAND GRENADE WAS THROWN AT THE WEST GERMAN EMBASSY IN BEIRUT. THIS IS THE SECOND ATTACK ON THE EMBASSY WITHIN A WEEK. NO DAMAGE OR CASUALTIES RESULTED. THE LATEST INCIDENT CAME FOUR DAYS BEFORE THE VISIT OF FRG FOREIGN MINISTER GENSCHER.

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21. (C) LEBANON-PROXIMITY FUSES: AMBASSADOR DEAN HAS EXPRESSED THE VIEW THAT ISRAEL'S APPARENT ADMISSION IN A RECENT INTELLIGENCE REPORT FROM OUR DEFENSE ATTACHE IN TEL AVIV THAT IT IS USING PROXIMITY FUSES IN LEBANON, WHICH EXPLODE BEFORE THEY HIT THE GROUND, IS AN ADMISSION THAT ISRAEL IS USING A VERY LETHAL ANTI-PERSONNEL WEAPON. ISRAEL HAS CLAIMED THAT THESE ROUNDS ARE USED AGAINST "ORANGE GROVES" AND "FORESTS" FOR "EFFECT PURPOSES." CHRISTOPHER
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SECRET SECTION 01 OF 03 STATE 233330/01

P.O. 12356: GDS 9/5/85 (MONTVILLE, JOHN V.)

TAGS: PEPR, IS, SYR

SUBJECT: IRAQSYR - SEPTEMBER 5, 1979

REFS: FOR NICHOLAS MURPHY
DOD/ISA RYAN LANGON
OTHER ADDRESSEES W H CHIEFS OF MISSION

(PARAGRAPHS 1-3 SECRET)

1. SYRIA AND IRAQ: A STATUS REPORT: RECENT EVENTS SUGGEST THAT THE SYRIAN-IRAQI RELATIONSHIP HAS COOLED UNTIL RECENTLY, WHEN OLD MUTUAL ANIMOSITIES COMING CLOSER TO THE SURFACE.

2. PRESIDENT ASSAD PUBLICLY VENTED HIS FRUSTRATIONS IN A RECENT INTERVIEW WITH THE WEST GERMAN MAGAZINE DER SPIEGEL. "WE HAVE INDEED ACHIEVED NOTHING CONCRETE," ASSAD SAID, REFERRING TO THE "UNITY" EFFORT TOWARD IRAQ. HE SAID THAT IT MAY BE NECESSARY TO USE "FIRE AND BLOOD" WITH OUR BROTHERS IN IRAQ WHO ARE WILLING TO EMBARK AGAIN ON THE COMMON [illegible] ALLIED, "THIS IS SOLELY UP TO THE IRAQI [illegible]."

3. [illegible] IRAQI [illegible] TO ALLAY [illegible] SYRIAN SUSPICIONS OF AN) COMPLICITY IN WEAPONING IN IRAQ. SOME STAFF WORK WAS PROBABLY NECESSARY BECAUSE IRAQI ACCUSATIONS AGAINST THE SYRIANS, DIRECT OR INDIRECT, IN VAGUE TERMS, HAD REACHED A LEVEL THAT DAMASCUS MUST HAVE FOUND UNBEARABLE.

4. [illegible] SADDAM HUSSAIN HAS MADE VIDEO TAPE BROADCAST A PUBLIC CONFESSION OF A PRINCIPAL IRAQI CONSPIRATOR AND [illegible] TO A NUMBER OF ARAB CAPITALS FOR PRIVATE [illegible].

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(B) REINFORCING THIS, [illegible] USINT BAGHDAD NOTES, WERE WIDESPREAD REPORTS IN BAGHDAD THAT SADDAM HAD TOLD THE BAATH PARTY FAITHFUL OF THE SYRIAN PRESIDENT'S PERSONAL INVOLVEMENT IN THE PLOT AGAINST HIM.

4. THE SYRIANS, BEFORE THE DER SPIEGEL INTERVIEW, HAD INCREASED IRAQI ANXIETY BY DISPATCHING FOREIGN MINISTER KHADDAM TO TEHRAN FOR WIDELY PUBLICIZED MEETINGS WITH IRANIAN LEADERS, INCLUDING AYATOLLAH KHOMEINI. BAGHDAD IS HIGHLY SUSPICIOUS OF IRAN, AND THE IRAQIS ARE PRONE TO FEAR A SINISTER LINK BETWEEN THE SHIITES OF IRAN AND IRAQ AND THE ALAWITE MINORITY THAT RULES SYRIA. WE HAVE NO FIRM EVIDENCE THAT KHADDAM'S VISIT TO IRAN PRODUCED ANY ANTI-IRAQI PLANNING.

5. FOR NOW, THE IRAQIS, WHO WERE THE DRIVING FORCE BEHIND THEIR RAPPROCHEMENT WITH SYRIA, MAY BE CONTENT TO LET THE RELATIONSHIP MARK TIME WHILE THEY LOOK FOR OPEN WAYS TO MAINTAIN OPPOSITION TO ASSAD AND TO EXPLOIT DAVID ACHESON'S GOALS IN THE NON-ALIGNED MOVEMENT AND WILL PROBABLY MIKE THAT AREA FOR MAXIMUM GAIN BEFORE BAGHDAD TO CONCENTRATE ON THE MORE NARROW FRONT OF ARAB OPPOSITION TO THE PEACE PROCESS.

6. IRAQ MAY ALSO PUSH HARD ON IMPROVING ITS TIES WITH SAUDI ARABIA AND JORDAN IN ORDER TO STIMULATE ANTI-TREATY EFFORTS. IN THIS REGARD, IT WILL PROBABLY WATCH CLOSELY TO SEE WHAT COMES OF KING HUSSEIN'S VISIT TO THE UNITED STATES THIS MONTH. SIMILARLY, IRAQ WILL SCRUTINIZE THE SAUDIS' REACTIONS FOR ANY SIGNS THAT THEY ARE PLEASED BY US EFFORTS TO ATTRACT PALESTINIANS TO THE PEACE PROCESS.

7. (U) DAYAN-MEETING WITH PLO: THE JERUSALEM POST REPORTED SEPTEMBER 6 THAT MOSHE DAYAN HAD MET WITH A LEADING WEST BANK COMMUNIST, DR. HAIDER, WHO HOLDS A SEAT ON THE PALESTINE NATIONAL COUNCIL (THE PLO'S LEGISLATURE). THIS MEETING FOLLOWS AN EARLIER HIGHLY PUBLICIZED MEETING DAYAN HELD WITH A LEADING PLO SYMPATHIZER IN THE US, A JEWISH INFORMED MILITARY SOURCES TOLD THE POST THAT THE MEETING HAD THE AGREEMENT IN PRINCIPLE OF DEFENSE MINISTER WEIZMAN.

A MARRIV EDITORIAL ASKS, HOW CAN ISRAELIS CAN EXPECT FRIENDLY COUNTRIES NOT TO HOLD MEETINGS WITH PLO REPRESENTATIVES WHEN THE FOREIGN MINISTERS OF ISRAEL INSTITUTES A MEETING WITH A FULLY FLEDGED PLO MAN? THE QUESTION WILL NATURALLY BE ASKED IN THE US WHERE PEOPLE WILL WANT TO KNOW WHY THE US AMBASSADOR TO THE UN HAS TO HOLD

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MEETINGS WITH THE UN PLO OBSERVER UNDERGROUND AND PAY DEARLY FOR IT.'

2. (U) ISRAEL-US AID: THE AMOUNT OF US AID TO ISRAEL WAS, ALONG WITH THE SADAT VISIT, A MATTER OF GREAT CONCERN TO THE ISRAELI PRESS SEPTEMBER 4. HA'ARETZ AND DAVAR COMMENTED UNFAVORABLY O' ISRAEL'S ALLEGED PLANS TO ASK FOR 2 TO 3.4 BILLION DOLLARS IN US ASSISTANCE. AT A GOVERNMENT DEBATE ON THE AID REQUEST, FOREIGN MINISTRY OFFICIALS EXPRESSED RESERVATIONS ABOUT A REQUEST OF SUCH PROPORTIONS. SOME OF THE PARTICIPANTS IN THE DELIBERATIONS ESTIMATED THAT, IT WOULD BE VERY DIFFICULT TO ASK THE AMERICANS FOR SUCH MASSIVE AID IN 1980 AND THE YEARS TO

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SECRET E.O. 12356 DECL: OADR

TAGS: PEPR, EAID, ECON, IS

SUBJECT: ISRAEL: ECONOMIC AFFAIRS REPORT FOR SEPTEMBER 1979

REF: STATE 232450

1. (U) SUMMARY: THIS REPORT COVERS ECONOMIC DEVELOPMENTS IN ISRAEL DURING SEPTEMBER 1979. ISRAEL'S ECONOMIC SITUATION CONTINUED TO DETERIORATE DURING THE MONTH. THE GOVERNMENT ANNOUNCED A NEW ECONOMIC PROGRAM ON SEPTEMBER 30 WHICH INCLUDES A 50 PERCENT DEVALUATION OF THE ISRAELI POUND AND A 50 PERCENT INCREASE IN THE PRICE OF GASOLINE. THE PROGRAM ALSO CALLS FOR A REDUCTION IN THE GOVERNMENT BUDGET DEFICIT AND A REDUCTION IN THE RATE OF INFLATION. THE PROGRAM IS EXPECTED TO BE IMPLEMENTED IN OCTOBER. END SUMMARY.

2. (U) ISRAEL-U.S. TRADE: ACCORDING TO THE ISRAELI CENTRAL BUREAU OF STATISTICS, ISRAEL'S TRADE DEFICIT WITH THE U.S. FOR THE FIRST EIGHT MONTHS OF 1979 WAS $1.2 BILLION, COMPARED WITH $1.1 BILLION FOR THE SAME PERIOD IN 1978. ISRAEL'S EXPORTS TO THE U.S. INCREASED BY 15 PERCENT, WHILE IMPORTS FROM THE U.S. INCREASED BY 12 PERCENT.

3. (U) INFLATION: THE ISRAELI CONSUMER PRICE INDEX ROSE BY 5.1 PERCENT IN SEPTEMBER, BRINGING THE ANNUAL INFLATION RATE TO 111 PERCENT. THE GOVERNMENT HAS SET A TARGET OF REDUCING THE ANNUAL INFLATION RATE TO 50 PERCENT BY THE END OF 1980.

4. (U) BUDGET DEFICIT: THE GOVERNMENT'S BUDGET DEFICIT FOR 1979 IS EXPECTED TO REACH 30 PERCENT OF GNP. THE GOVERNMENT HAS ANNOUNCED PLANS TO REDUCE THE DEFICIT TO 15 PERCENT OF GNP IN 1980 THROUGH A COMBINATION OF EXPENDITURE CUTS AND TAX INCREASES.

5. (U) FOREIGN EXCHANGE RESERVES: ISRAEL'S FOREIGN EXCHANGE RESERVES STOOD AT $4.2 BILLION AT THE END OF SEPTEMBER, DOWN FROM $4.5 BILLION AT THE END OF AUGUST. THE DECLINE REFLECTS THE GOVERNMENT'S DECISION TO ALLOW THE EXCHANGE RATE TO FLOAT FREELY.

6. (U) EMPLOYMENT: THE UNEMPLOYMENT RATE IN SEPTEMBER WAS 3.8 PERCENT, UNCHANGED FROM AUGUST. THE GOVERNMENT EXPECTS THE UNEMPLOYMENT RATE TO RISE TO 5 PERCENT BY THE END OF 1980 AS A RESULT OF THE ECONOMIC PROGRAM.

7. (U) WAGES: THE GOVERNMENT HAS ANNOUNCED A WAGE FREEZE AS PART OF THE ECONOMIC PROGRAM. WAGES WILL BE INDEXED TO 50 PERCENT OF THE INFLATION RATE.

8. (U) TRADE: ISRAEL'S TRADE DEFICIT FOR THE FIRST EIGHT MONTHS OF 1979 WAS $3.5 BILLION, COMPARED WITH $2.8 BILLION FOR THE SAME PERIOD IN 1978. EXPORTS INCREASED BY 20 PERCENT, WHILE IMPORTS INCREASED BY 25 PERCENT.

9. (U) TOURISM: THE NUMBER OF TOURISTS VISITING ISRAEL IN SEPTEMBER WAS 120,000, DOWN FROM 150,000 IN SEPTEMBER 1978. THE DECLINE IS ATTRIBUTED TO THE SECURITY SITUATION IN THE REGION.

10. (U) CONSTRUCTION: THE CONSTRUCTION INDUSTRY IS EXPERIENCING A SLOWDOWN. HOUSING STARTS IN SEPTEMBER WERE 3,500, DOWN FROM 4,200 IN SEPTEMBER 1978.

11. (U) AGRICULTURE: AGRICULTURAL PRODUCTION IS EXPECTED TO INCREASE BY 5 PERCENT IN 1979. THE GOVERNMENT HAS ANNOUNCED PLANS TO INCREASE AGRICULTURAL EXPORTS BY 10 PERCENT IN 1980.

12. (U) INDUSTRY: INDUSTRIAL PRODUCTION IS EXPECTED TO INCREASE BY 3 PERCENT IN 1979. THE GOVERNMENT HAS ANNOUNCED PLANS TO INCREASE INDUSTRIAL EXPORTS BY 15 PERCENT IN 1980.

13. (U) ENERGY: ISRAEL'S ENERGY CONSUMPTION IN 1979 IS EXPECTED TO INCREASE BY 5 PERCENT. THE GOVERNMENT HAS ANNOUNCED PLANS TO REDUCE ENERGY CONSUMPTION BY 10 PERCENT IN 1980 THROUGH CONSERVATION MEASURES.

14. (U) FOREIGN DEBT: ISRAEL'S FOREIGN DEBT STOOD AT $20 BILLION AT THE END OF SEPTEMBER. THE GOVERNMENT HAS ANNOUNCED PLANS TO REDUCE THE DEBT TO $18 BILLION BY THE END OF 1980.

15. (U) CONCLUSION: ISRAEL'S ECONOMIC SITUATION REMAINS DIFFICULT. THE NEW ECONOMIC PROGRAM IS AN IMPORTANT STEP TOWARD STABILIZING THE ECONOMY, BUT IT WILL BE DIFFICULT TO IMPLEMENT. THE GOVERNMENT FACES STRONG OPPOSITION FROM LABOR UNIONS AND OTHER GROUPS. END REPORT.

DICTED TO CONCENTRATE ON THE FOLLOWING ISSUES:

(A) PALESTINE SELF-RULE IN THE OCCUPIED WEST BANK AND GAZA, PARTICULARLY THE ISSUES OF ORGANIZATION OF ELECTIONS AND THE AMOUNT OF FREEDOM PALESTINIANS ARE TO HAVE;

(B) ISRAEL'S WITHDRAWAL FROM SINAI AND THE EGYPTIAN SUPPLY OF ISRAEL WITH OIL; AND

(C) THE STATUS OF ARAB EAST JERUSALEM.

12. (C) ALI-WEIZMAN MEETING: ACCORDING TO JERUSALEM RADIO, EGYPTIAN DEFENSE MINISTER ALI SAID THAT IN HIS MEETING WITH DEFENSE MINISTER WEIZMAN, THEY WOULD PRODUCE A PROPOSAL FOR SOLVING THE PROBLEM OF SUPERVISION OF THE SINAI AFTER THE WITHDRAWAL OF UN FORCES.

13. (U) ARENS-LINKING SINAI WITHDRAWAL: IN A TEL AVIV RADIO BROADCAST, CHAIRMAN OF THE KNESSET FOREIGN AFFAIRS AND SECURITY COMMITTEE, MK MOSHE ARENS, SAID THAT PRIME MINISTER BEGIN IN HIS MEETINGS WITH SADAT SHOULD DEMAND THE SIGNING OF AN AGREEMENT THAT WILL ASSURE THE SUPPLY OF EGYPTIAN OIL TO ISRAEL IN QUANTITIES SUFFICIENT FOR ALL ITS NEEDS AND THAT THIS DEMAND SHOULD BE DIRECTLY LINKED TO ISRAELI WITHDRAWAL.

14. (S) BEGIN-ROMANIAN ENVOY: ACCORDING TO EMBASSY TEL AVIV SIGNS ARE THAT THE UNANNOUNCED VISIT TO PRIME MINISTER BEGIN BY A ROMANIAN EMISSARY WAS MAINLY INFORMATIONAL. VASILE PUNGAN, WHO ARRIVED AUGUST 31, BRIEFED BEGIN ON CEAUSESCU'S RECENT TRIP TO THE MIDDLE EAST. THE MEETING WAS REPORTEDLY STRAINED BY BEGIN'S REFUSAL TO LISTEN TO AN ACCOUNT OF CEAUSESCU'S TALKS WITH ARAFAT AND BY HIS CRITICISM OF CEAUSESCU'S STATEMENT FOLLOWING HIS SESSIONS WITH ARAFAT AND ASSAD.

15. (C) ARAB LEAGUE: A TUNISIAN OFFICIAL TOLD EMBASSY TUNIS THAT THE ARAB LEAGUE COUNCIL OF FOREIGN MINISTERS WILL HOLD AN ORDINARY SESSION IN TUNIS SEPTEMBER 11. HE SAID THE MEETING WILL BE LARGELY ADMINISTRATIVE AND THAT ACTION ON PROPOSALS FOR THE ECONOMIC BOYCOTT OF EGYPT WOULD BE POSTPONED PENDING EXAMINATION OF THE PROVISIONS (OF IAC MEMORANDUM) OF THE AUTONOMY TALKS. HOWEVER, A BBC CORRESPONDENT TOLD THE EMBASSY THAT SYRIA WAS INVITED TO COVER A MEETING OF ARAB LEAGUE ECONOMIC MINISTERS WHICH WAS TO BEGIN SEPTEMBER 4 IN TUNISIA. AN ARAB LEAGUE OFFICIAL SAID THE PURPOSE OF THE MEETING IS TO STUDY THE BOYCOTT ISSUE IN PREPARATION FOR THE FOREIGN MINISTERS' SEPTEMBER 11 MEETING.

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16. (U) SADAT-US: EMBASSY CAIRO REPORTS THAT SADAT PLACED GREAT EMPHASIS IN A RECENT CAIRO RADIO INTERVIEW ON THE CENTRALITY OF THE US ROLE IN THE PEACE NEGOTIATIONS. THIS, IN EMBASSY CAIRO'S VIEW, IS AN EFFORT TO DEMONSTRATE PUBLICLY THAT ANY SHADOWS IN THE US-EGYPTIAN RELATIONSHIP HAVE PASSED, DESPITE THE APPARENT ANNOYANCE OF SADAT AND SADAT WITH INITIAL US POLICY ON THE PALESTINIAN RIGHTS RESOLUTION.

17. (LOU) EGYPT-CRITICISM OF SAUDI ARABIA: IN MEETINGS WITH SEVERAL NEWSPAPER EDITORS, EMBASSY CAIRO OFFICERS WERE TOLD THAT EGYPTIAN EDITORS DO NOT FEEL UNDUE OBLI-

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[illegible]TION TO AVOID ATTACKING SAUDI ARABIA DESPITE THE FACT [illegible] FOREIGN GOVERNMENT INSTRUCTIONS TO AVOID SUCH ATTACKS HAVE NOT EXPLICITLY BEEN RESCINDED. THE EDITORS APPARENTLY [illegible]E SEEKING SPACE FROM SADAT'S PUBLIC CRITICISM OF THE [illegible]. HOWEVER, SEVERAL EDITORS INDICATED THAT THE CURRENT [illegible]ING WILL PROBABLY NOT BE SUSTAINED AT THE PRESENT [illegible] LEVEL OF RECENT WEEKS.

6. (C) US/YAR BILATERAL RELATIONS: ACCORDING TO EMBASSY [illegible], DURING A MEETING ON THE AMBASSADOR WITH PRESIDENT [illegible]IH ON SEPTEMBER 2, SALIH DISCUSSED VARIOUS ASPECTS OF [illegible]IS ARMS PROGRAM WITH THE US AND ISSUED AN OFFICIAL INVI- [illegible]TATION TO THE US SECRETARY OF DEFENSE OR DEPUTY SECRETARY [illegible] TO ATTEND YAR NATIONAL DAY CELEBRATIONS ON SEPTEMBER 26. [illegible]E AMBASSADOR CONSIDERS IT HIGHLY DESIRABLE FOR THE NEW [illegible] SECRETARY OF DEFENSE GO AT [illegible] TO "GIVE NEW IMPETUS [illegible] OUR MILITARY ASSISTANCE EFFORT" AND AS A SYMBOL OF [illegible]IRECT US/YEMEN MILITARY COOPERATION.

7. [illegible]TAIN CONCERNS OF SALIH'S EXPRESSED AT THE MEETING WERE AS [illegible]OLLOWS:

(A) SALIH ACKNOWLEDGED THE LEGITIMACY OF SAUDI INTEREST [illegible]N ITS ARMS' SUPPLY BUT FELT THAT ONCE ARMS WERE PAID FOR [illegible]Y SAUDI ARABIA, THEY SHOULD BE SHIPPED DIRECTLY TO THE [illegible]AR.

(B) SALIH WISHES TO DISPLAY ON SEPTEMBER 26 ALL THE F-[illegible], [illegible]HE TWO C-130S AND AS MUCH OTHER US EQUIPMENT AS POSSIBLE [illegible](EMBASSY SANA FEELS THAT IF FOR ANY REASON THE AIRCRAFT [illegible]S NOT AVAILABLE SALIH MAY USE THEIR ABSENCE AS A JUSTI- [illegible]ICATION FOR A NEW SOVIET ARMS DEAL.)

8. (C) EGYPT-YEMEN: [illegible] SOME SKEPTICISM OF EGYPTIAN MILITARY ASSISTANCE RECEIVED PROMINENT [illegible] PAGE COVERAGE IN THE CAIRO PRESS ON SEPTEMBER 4 [illegible] OF AMERICAN [illegible], SAID. THE FIRST SHIPMENTS

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OF EGYPTIAN MILITARY EQUIPMENT REPORTEDLY HAVE ALREADY ARRIVED IN MOROCCO. THE EDITOR OF AL-NAHAR SPECULATED THAT THE SUDDEN VISIT OF SAUDI PRINCE ABDULLAH TO MOROCCO IS DESIGNED TO HEAD OFF EGYPTIAN-MOROCCAN RAPPROCHEMENT, DESCRIBING THE SAUDI PRINCE AS "LEADER OF THE CAMPAIGN AGAINST EGYPT." THE EDITOR WONDERED HOW ABDULLAH WAS ABLE TO ALSO PLAUD QADHAFI'S REVOLUTION DAY REMARKS ATTACKING EGYPT, WHEN ONLY A SHORT TIME AGO THE LIBYAN LEADER WAS CALLING FOR THE OVERTHROW OF THE SAUDI MONARCHY.

2. (U) LEBANON-BOMBING: A BOMB DAMAGED THE WEST GERMAN LUFTHANSA AIRLINE OFFICE IN BEIRUT ON SEPTEMBER 4; AN UNKNOWN PALESTINIAN GROUP CLAIMED RESPONSIBILITY. THIS WAS THE FOURTH WEST GERMAN INSTALLATION BOMBED IN BEIRUT IN THE LAST THREE WEEKS. AN ANONYMOUS CALLER TOLD AL-NAHAR THAT THERE WOULD BE MORE BOMBINGS UNLESS PALESTINIANS IN WEST GERMAN JAILS WERE RELEASED WITHIN A WEEK.

3. (U) ANTI-AMERICAN DEMONSTRATION-SIDON: ACCORDING TO REUTER, SOME TWENTY ARAB AND FOREIGN DIPLOMATIC ENVOYS VISITING SIDON SEPTEMBER 4 WERE JOSTLED BY 2,000 DEMONSTRATORS SHOUTING ANTI-AMERICAN SLOGANS AS THE DELEGATION PASSED THROUGH THE CITY ON AN INSPECTION TOUR OF SOUTHERN LEBANON ORGANIZED BY THE MINISTRIES OF FOREIGN AFFAIRS AND INFORMATION, IN COOPERATION WITH THE UN INTERIM FORCE IN LEBANON. AMBASSADOR DEAN WAS PRESENT AS THE CROWD, CHIEFLY COMPOSED OF REFUGEES FROM SOUTHERN LEBANON, CALLED ON AMERICA TO STOP ALL AID TO ISRAEL AND URGED THE DEPLOYMENT OF LEBANESE TROOPS IN TYRE.

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(B) DAYAN AND WEIZMAN REGARD THE CABINET'S SHARON-INSPIRED POLICY AS HIGHLY IMPRUDENT.

(C) MOST LIBERALS ARE ON A SIMILAR WAVE-LENGTH.

(D) THE ULTRA-ORTHODOX, NON-ZIONIST AGUDAT YISRAEL HAS ALSO INDICATED THAT IT IS UNHAPPY WITH THE CABINET'S POLICY.

4. OUTSIDE THE COALITION, THE LABOR PARTY HAS BEEN CRITICAL OF THE POLICY OF ESTABLISHING SETTLEMENTS IN THE ARAB PORTIONS OF THE WEST BANK. WHILE CONTINUING TO FAVOR SETTLEMENT IN THE JORDAN VALLEY, MANY LABORITES ARE INCREASINGLY INCLINED TO FAVOR A DE FACTO MORATORIUM ON THE ESTABLISHMENT OF ALL NEW SETTLEMENTS AT THIS TIME. FORMER PRIME MINISTER RABIN HAS PUBLICLY SUGGESTED THE WISDOM OF SUCH A STEP.

5. IN VIEW OF ALL OF THESE PRESSURES, WHY HAS THERE BEEN NO CHANGE IN THE SETTLEMENT POLICY OF THE BEGIN GOVERNMENT? THERE ARE THREE ANSWERS: SHARON, HAMMER, AND BEGIN.

6. SHARON HAS BEEN THE ENGINE FOR THE ESTABLISHMENT OF NEW SETTLEMENTS THROUGHOUT THE TENURE OF THIS GOVERNMENT. THE "SHARON BULLDOZER" HAS TAKEN ADVANTAGE OF HIS POSITION AS CHAIRMAN OF THE MINISTERIAL COMMITTEE ON SETTLEMENTS, OF BEGIN'S ADMIRATION FOR HIM, AND OF HIS TIES WITH THE GUSH EMUNIM SETTLEMENT MILITANTS TO PRESENT THE CABINET WITH FAITS ACCOMPLI.

7. SHARON'S ACHIEVEMENTS ARE LARGELY DUE TO THE SUPPORT THAT HE HAS RECEIVED FROM HAMMER. SO FAR AS WE KNOW, HAMMER HAS NOT INITIATED PROPOSALS FOR NEW SETTLEMENTS, BUT HE HAS BACKED SHARON FULLY ON VIRTUALLY EVERY OCCASION. SHARON, DESPITE HIS POWERFUL PERSONALITY AND HIS IRON DETERMINATION, HAS LITTLE INDEPENDENT POLITICAL POWER. HAMMER, BY CONTRAST, WIELDS GREAT POWER. AS THE DE FACTO LEADER OF THE NATIONAL RELIGIOUS PARTY (NRP), HE COULD BRING THE GOVERNMENT DOWN ON THE WEST BANK ISSUE IF HE CHOOSES TO DO SO.

8. HAMMER REMAINS FIRMLY COMMITTED TO THE PRINCIPLE OF JEWISH SETTLEMENT THROUGHOUT JUDEA AND SAMARIA, BUT HE HAS BECOME MORE SOPHISTICATED SINCE BECOMING MINISTER OF EDUCATION. HE HAS INDICATED THAT HE WOULD PREFER A POLICY OF EXPANDING EXISTING SETTLEMENTS RATHER THAN ESTABLISHING NEW ONES.

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9. NEVERTHELESS, HAMMER FINDS IT IMPOSSIBLE TO DO ANYTHING OTHER THAN BACK SHARON WHEN THE LATTER MAKES PROPOSALS THAT THE FORMER PRIVATELY VIEWS AS UNWISE. HAMMER IS THE PRISONER OF HIS OWN LONG-STANDING IDEOLOGICAL COMMITMENT. IN ADDITION, HE IS SENSITIVE TO PRESSURE FROM MORE EXTREME ELEMENTS FROM WITHIN HIS PARTY, AND FROM GUSH EMUNIM, WHICH HE PLAYED A MAJOR ROLE IN FOUNDING. FURTHERMORE, HE WILL GO TO GREAT LENGTHS TO PREVENT THE DEFECTION OF ULTRA-HAWKS TO THE NEW RIGHT-WING PARTY RECENTLY ESTABLISHED BY PROFESSOR YUVAL NEEMAN.

10. HAMMER'S RELATIONSHIP WITH BEGIN HAS ALTERED IN THE ET
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TWO YEARS SINCE THE ESTABLISHMENT OF THE LIKUD-NRP COALITION. BEGIN HAS TRAVELLED MUCH FARTHER DOWN THE ROAD OF PRAGMATISM THAN HAMMER. HAMMER'S COLLEAGUES IN THE YOUTH FACTION OF THE NRP NO LONGER TRUST BEGIN. HAMMER HAS BEEN AFFECTED BY THESE DEVELOPMENTS, AND IS LESS INCLINED TO FOLLOW BEGIN'S LEAD THAN PREVIOUSLY.

11. BEGIN COMBINES AN INTENSE ATTACHMENT TO HIS IDEOLOGICAL PRINCIPLES WITH OCCASIONAL PRAGMATISM. SETTLEMENT CONSTITUTES A KEY IDEOLOGICAL REDOUBT FOR BEGIN. HE IS EXTREMELY SENSITIVE TO ACCUSATIONS OF IDEOLOGICAL EROSION FROM HIS OLD COLLEAGUES. WEAKENED POLITICALLY BY A SHARP EROSION IN HIS POPULARITY, BY RAMPAGING INFLATION, BY INTENSIFIED INTRA-CABINET AND INTRA-COALITION BICKERING, HE HAS LITTLE STOMACH FOR TESTING THE LIMITS OF HIS POWER IN THE WAKE OF A REDUCED PARLIAMENTARY BASE.

12. WHILE BEGIN MIGHT BE ABLE TO RALLY CABINET SUPPORT FOR A DE FACTO MORATORIUM ON NEW SETTLEMENTS, SUCH A STEP WOULD ENTAIL POLITICAL JEOPARDY. THE COALITION COULD SURVIVE A RESIGNATION BY SHARON, BUT IT WOULD PROBABLY NOT BE ABLE TO SURVIVE HAMMER'S WITHDRAWAL. EVEN IF HAMMER RESIGNED FROM THE CABINET WITHOUT PULLING THE NRP OUT OF THE COALITION, HIS MOVE WOULD STILL PROBABLY PROVE FATAL TO THE COALITION BEFORE TOO LONG.

13. (C) ISRAEL-KNESSET DEBATE ON SETTLEMENTS: EMBASSY TEL AVIV REPORTS THAT DEPUTY PRIME MINISTER YADIN, BY THREATENING TO RESIGN, HAS EXTRACTED FROM BEGIN RESTORATION OF HIS PARTY'S SPECIAL RIGHT OF APPEAL ON SETTLEMENTS TO THE KNESSET FOREIGN AFFAIRS AND DEFENSE COMMITTEE, WHICH HE INTENDS TO EXERCISE AS SOON AS POSSIBLE. WHILE BEGIN BELIEVES HE CAN MUSTER SUPPORT IN THE COMMITTEE, THE VOTE WILL CERTAINLY BE A CLOSE ONE. (BEGIN MAY ENJOY NO MORE THAN A ONE VOTE MAJORITY IF ALL TWENTY-FIVE MEMBERS ON THE COMMITTEE VOTE.) HOWEVER, EVEN IN THE EVENT THE KNESSET COMMITTEE SUPPORTS YADIN AND VOTES

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AGAINST THE TWO SETTLEMENTS IN QUESTION, IT IS NOT LIKELY TO PRESAGE ANY GENERAL MORATORIUM ON SETTLEMENTS SINCE IT WOULD BE BASED LARGELY ON FLAGRANT IRREGULARITIES IN THE MINISTERIAL DEFENSE AND JOINT SETTLEMENTS COMMITTEES' PROCEDURES.

14. (U) DAYAN-BONN VISIT: ACCORDING TO REUTER, ISRAELI FOREIGN MINISTER MOSHE DAYAN FINISHED HIS ROUND OF TALKS WITH WEST GERMAN CHANCELLOR HELMUT SCHMIDT AFTER ASSURANCES THAT BONN HAD NOT CHANGED ITS STANCE ON THE MIDDLE EAST. THE CHANCELLOR'S PHRASING IS REPORTEDLY VIEWED AS AN ATTEMPT TO COUNTER CRITICISM FROM ISRAEL ABOUT RECENT GERMAN CONTACTS WITH THE PLO. IN A DINNER SPEECH ON SEPTEMBER 18, DAYAN CRITICIZED THE FACT THAT BONN SPEAKS OF THE PALESTINIAN RIGHT TO SELF-DETERMINATION, ALTHOUGH THIS CONCEPT WAS NOT MENTIONED, ACCORDING TO DAYAN, IN ANY EEC STATEMENT OR IN THE CAMP DAVID ACCORDS. DAYAN NOTED AFTER HIS FIRST SERIES OF TALKS THAT TRUST HAD BEEN RESTORED BETWEEN THE TWO SIDES BUT INFORMED SOURCES SAID THAT DESPITE SUCH DECLARATIONS, A NUMBER OF DIFFICULTIES REMAINED, MOST NOTABLY THE WEST GERMAN INSISTENCE ON THE PALESTINIANS' RIGHT FOR SELF-DETERMINATION, CRITICISM OF ISRAEL'S SETTLEMENTS IN THE OCCUPIED TERRITORIES AND ITS ROLE IN LEBANON. ACCORDING TO REUTER, AT A PRESS CONFERENCE CONCLUDING HIS VISIT TO BONN, DAYAN STATED CLEARLY THAT THE FOUNDING OF A PALESTINIAN STATE WITHIN THE FRAMEWORK OF A MIDDLE EAST SETTLEMENT IS OUT OF THE QUESTION FOR ISRAEL.

15. (U) SAUDI ARABIA-IRAQ CHANGING OIL POSITIONS: ACCORDING TO A MIDDLE EAST ECONOMIC SURVEY (MEES) ARTICLE, IRAQ HAS INFORMED MANY OF ITS OIL CUSTOMERS THAT THEIR CONTRACTS WILL BE TERMINATED AT THE END OF THIS YEAR WHEN DIFFERENT CONDITIONS WILL BE INTRODUCED, NAMELY: A POSITIVE COMMITMENT TO "COMPLY" WITH IRAQI LAWS, INCLUDING THE BOYCOTT REGULATIONS AND AN UNDERTAKING NOT TO SEND OIL TO OR THROUGH ISRAEL, EGYPT, SOUTH AFRICA OR RHODESIA. MEES SAID THE COMPANIES WORST AFFECTED WOULD LIKELY BE US ONES, WHICH WOULD BE UNABLE TO SIGN CONTRACTS INCLUDING ANY BOYCOTT OF ISRAEL CLAUSES. MEES REPORTED THAT COMPANIES THAT HAD RECEIVED TERMINATION NOTICES WERE BELIEVED TO INCLUDE SHELL, BRITISH PETROLEUM, GULF OIL, EXXON, AND POSSIBLY, AMOCO. IF NO COMPROMISE IS FOUND AND IF ALL AMERICAN LIFTINGS OF IRAQI CRUDE WERE ELIMINATED BY THE END OF THE YEAR, 330,000 TO 440,000 BARRELS PER DAY WOULD BE FREED FOR DELIVERY ELSEWHERE.

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IN AN INTERVIEW WITH A DANISH RADIO STATION SHAYKH AHMAD ZAKI YAMANI REPORTEDLY HINTED AT THE POSSIBILITY OF A SLIGHT INCREASE IN OIL PRICES. HE ALSO SAID THAT HE WELCOMED THE IDEA OF IMPOSING SUPERVISION ON OIL COMPANIES WHICH MAKE UNLAWFUL PROFITS AND EXPRESSED THE HOPE THAT THE DECISIONS ADOPTED BY THE TOKYO INDUSTRIAL SUMMIT MEETINGS WOULD BE IMPLEMENTED.

16. (C) ALI HAMDI AL-GAMMAL DIES: ALI HAMDI AL-GAMMAL, CHAIRMAN OF THE BOARD AND EDITOR IN CHIEF OF AL AHRAM, CAIRO'S BEST KNOWN NEWSPAPER, DIED SEPTEMBER 18 AT HIS HOTEL IN WASHINGTON. AL-GAMMAL WAS HERE TO COVER EGYPTIAN VICE PRESIDENT HOSNI MUBARAK'S VISIT TO THE US.

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* U.S. GOVERNMENT PRINTING OFFICE 1977-223-525

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NHNNVV XSB060B:AB90
PP RUQMHR
DE RUEHC #9942/03 2561159
ZNY SSSSS ZZH
P 122134Z SEP 79
FM SECSTATE WASHDC
TO INTSUM COLLECTIVE PRIORITY
INFO RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2779
RUEKJCS/DOD/ISA WASHDC PRIORITY

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S E C R E T FINAL SECTION OF 03 STATE 239942/03

17. (LOU) ARAB LEAGUE MEETING POSTPONED TO SEPTEMBER 18: THE EMBASSY IN TUNIS REPORTS THAT THE ARAB LEAGUE FOREIGN MINISTERS' MEETING IN TUNIS HAS BEEN POSTPONED UNTIL SEPTEMBER 18 AT THE REQUEST OF SAUDI ARABIA. ACCORDING TO A RELATED REPORT FROM REUTER, RENE MOAWAD, ENVOY OF LEBANESE PRESIDENT ELIAS SARKIS, HAS BEEN TOURING ARAB CAPITALS TO CANVASS SUPPORT FOR AN ARAB SUMMIT TO DEAL WITH THE DETERIORATING SITUATION IN SOUTH LEBANON. THE TUNIS MEETING, REPORTEDLY, ALSO WILL STUDY A REPORT BY THE LEAGUE SECRETARY-GENERAL ON POSSIBLE AMENDMENTS TO THE LEAGUE'S CHARTER.

18. (LOU) LEBANON/ARMENIANS-RIGHTIST CLASH: ON SEPTEMBER 19 RIGHTIST MILITIA PATROLS REPORTEDLY CLASHED WITH ARMENIAN GUNMEN IN CHRISTIAN EAST BEIRUT. ONE TO THREE PERSONS WERE REPORTED KILLED AND FIVE TO TEN WERE WOUNDED.

19. (U) FATAH-WEST GERMANY: AFTER A WAVE OF BOMBINGS IN BEIRUT AGAINST FRG INSTALLATIONS BY AN UNKNOWN PALESTINIAN GUERRILLA GROUP, FATAH HAS MOUNTED A 24-HOUR GUARD ON THE FRG EMBASSY. IT HAS ALSO WARNED THAT IT WOULD PUNISH ANYBODY WHO ATTACKED FRG INSTITUTIONS IN BEIRUT.

20. (LOU) RETURN OF PROMINENT WEST BANKER URGED: THE ACTING PRESIDENT OF BIR ZEIT UNIVERSITY ON THE WEST BANK HAS TOLD CONSULATE GENERAL JERUSALEM THAT THE UNIVERSITY WAS EXERTING STRONG EFFORTS WITH DEFENSE MINISTER WEIZMAN TO PERMIT EXILED BIR ZEIT PRESIDENT HANNA NASIR TO RETURN AND RESUME HIS FUNCTIONS. ACCORDING TO BARAMKI, NASIR [illegible] FOR THE POLITICAL BELIEF IN EXILE [illegible].

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DE RUSBHC #5442/01 2612215
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P 182356Z SEP 79
FM SECSTATE WASHDC
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INFO RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2813
RUEAJCS/DOD/ISA WASHDC  PRIORITY
ET
S E C R E T SECTION 01 OF 03 STATE 245442/01

E.O. 12065 GDS  9/18/85  (MONTVILLE, JOSEPH V.)

TAGS: EG, IS, PINR

SUBJECT: ITUM 909 - SEPTEMBER 18, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RA SOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

(PARAGRAPHS 1-5  LIMITED OFFICIAL USE)

1.  INITIAL REACTIONS TO PRIVATE ISRAELI LAND PURCHASES
IN THE OCCUPIED TERRITORIES: THE ISRAELI CABINET DECISION
TO PERMIT ISRAELI CITIZENS AND ASSOCIATIONS TO PURCHASE
LAND IN THE WEST BANK AND GAZA STRIP CAME AS A GENERAL
SURPRISE. JERUSALEM RADIO SAID THAT THE PROPOSAL,
SUBMITTED TO THE CABINET BY PRIME MINISTER BEGIN, WAS
BASED ON A DRAFT BY DEFENSE MINISTER WEIZMAN, LATER AMENDED
BY THE GOVERNMENT'S LEGAL ADVISOR.  THE RADIO CORRESPONDENT
SAID THAT RESPONSIBILITY FOR IMPLEMENTING THE DECISION
WILL COME UNDER THE ALREADY EXISTING MINISTERIAL
COMMITTEE ON SECURITY AFFAIRS.

2.  CABINET SECRETARY ARYE NAOR EXPLAINED THE DECISION
IN TERMS OF ENDING "DISCRIMINATION" AGAINST JEWS.  HE
ADDED CLAIMS THAT THE DECISION HAD BEEN ADOPTED FOLLOWING
PRESSURE BY GUSH EMUNIM, WHICH HAD RAISED THE ISSUE IN
SEVERAL RECENT MEETINGS THAT IT HELD WITH THE PRIME
MINISTER.  NAOR NOTED THAT THE LIKUD HAD CAMPAIGNED ON
THE ISSUE TWO YEARS AGO AND THAT ITS PROMISE WAS NOW
BEING FULFILLED.  HE INDICATED, HOWEVER, THAT JEWS WHO
PURCHASE LAND CANNOT LIVE ON IT WITHOUT THE SPECIAL
PERMISSION OF THE MILITARY GOVERNMENT.

3.  GOVERNMENT SOURCES TOLD REUTER THAT HE EXPECTED THAT
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ECON
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* U.S. GOVERNMENT PRINTING OFFICE: 1977-225-323

THE FIRST DEALS UNDER THE NEW RULING WOULD INVOLVE THE SALE OF PROPERTY NEAR EXISTING SETTLEMENTS.

4. ARAB WORLD REACTIONS: REACTIONS TO THE DECISION IN THE ARAB WORLD WERE SWIFT AND BITTER.

(A) THE MAYORS OF THE PREDOMINANTLY CHRISTIAN TOWNS OF BETHLEHEM, BEIT JALA, AND BEIT SAHUR DENOUNCED THE DECISION. BETHLEHEM MAYOR FREIJ TOLD NEWSMEN THAT IT ENTAILED GRAVE CONSEQUENCES, "FOR IT MEANS THE ISRAELI GOVERNMENT WILL FORGE AHEAD IN IMPLEMENTING ITS POLICY ON LOCAL ADMINISTRATION BEFORE THE COMPLETION OF THE NEGOTIATIONS...."

(B) THE MUNICIPAL COUNCIL OF GAZA CITY MET IN SPECIAL SESSION SEPTEMBER 17 AND AFTERWARD REPORTED THAT IT HAD SENT LETTERS OF PROTEST TO THE THREE SIGNATORIES OF THE CAMP DAVID AGREEMENTS. IT CALLED THE DECISION A BLOW AT ANY ATTEMPTS TO REACH A MIDDLE EAST PEACE AND SAID THAT THE STEP WAS TAKEN IN ORDER TO ALLOW GUSH EMUNIM TO CONTINUE ITS WEST BANK SETTLEMENT ACTIVITIES.

(C) AMMAN RADIO QUOTED A JORDANIAN NEWSPAPER AS SAYING THAT THE DECISION WAS MADE ON THE BASIS OF BEGIN'S PLAN, WHICH IS CONDONED BY THE CAMP DAVID ACCORDS. IT SAID THAT "THE DENIALS WHICH ARE MADE BY CAIRO AND WASHINGTON ARE MERELY MEANT TO THROW SAND IN THE ARABS' EYES." AL-DUSTUR NOTED THAT THE DECISION COINCIDES WITH THE FIRST ANNIVERSARY OF THE CAMP DAVID ACCORDS AND QUOTED PRESIDENT CARTER'S STATEMENT CALLING ON OTHER ARAB LEADERS TO JOIN THE PEACE PROCESS.

(D) AN EGYPTIAN FOREIGN MINISTRY SPOKESMAN, ACCORDING TO MENA, CHARACTERIZED THE DECISION AS CONTRADICTING THE CAMP DAVID ACCORDS AND AS AN ATTEMPT TO INFLUENCE THE OUTCOME OF THE AUTONOMY NEGOTIATIONS. HE SAID: "THIS DECISION ADDS A FURTHER AND SERIOUS OBSTACLE...ALONG THE ROAD OF ACHIEVING A COMPREHENSIVE AND JUST SETTLEMENT (AND)CASTS DOUBT ON ISRAEL'S COMMITMENT AT CAMP DAVID TO RECOGNIZE PALESTINIAN RIGHTS."

5. ISRAELI REACTIONS: REACTIONS TO THE DECISION IN ISRAEL WERE MIXED BUT GENERALLY POSITIVE:

(A) THE JERUSALEM POST CITED SEVERAL LAWYERS AS ARGUING [illegible] NATIONAL

(B) OTHER LAWYERS POINTED OUT THAT IF THE LAND [illegible] CHANGED THE STATUS OF OCCUPIED TERRITORY, [illegible] WOULD CONTRAVENE ARTICLE 49 OF THE GENEVA

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* U.S. GOVERNMENT PRINTING OFFICE 1977-235-323

CONVENTION.

(B) BARZOFE SAID THAT THE DECISION SHOULD NOT BE VIEWED AS A POLITICAL MOVE BUT AS RIGHTING A JORDANIAN LAW STILL IN FORCE. IT REGRETTED THAT THE DECISION WAS SO LONG IN COMING.

(C) YEDIOT AHARONOT COMMENTED EDITORIALLY: "WE HAVE A SPECIAL TALENT TO DO THINGS WHEN THE TIMING IS MOST INCONVENIENT." THE PAPER MAINTAINED THAT THE DECISION IS BETTER LATE THAN NEVER SINCE IT WOULD HAVE BEEN AN "UNBEARABLE DISGRACE" TO PROHIBIT JEWS FROM BUYING LAND IN "ERETZ YISRAEL."

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* U.S. GOVERNMENT PRINTING OFFICE: 1977—225-327

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NNNNVV ESB036RA418
PP RUQMHR
DE RUENC #5442/02 2612217
ZNY SSSSS ZZE
P 182056Z SEP 79
FM SECSTATE WASHDC
TO INTSUM COLLECTIVE PRIORITY
INFO RUEATRE/ TREASURY DEPARTMENT WASHDC PRIORITY 2814
RUIKJCS/DOD/ISA WASHDC PRIORITY
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S E C R E T SECTION 02 OF 03 STATE 265442/02

6. (U) ISRAELI PRESS ON GOVERNMENT DISINTEGRATION: IN AN HA'ARETZ EDITORIAL UZI BENZIMAN DESCRIBES BEGIN AS BEING IN A "BLACK MOOD...APPARENTLY CUTTING HIMSELF OFF FROM HIS SURROUNDINGS AND REACTING SLOWLY TO WHAT GOES ON AROUND HIM." HE GOES ON TO SAY THAT PROMPTED BY HIS STATE OF HEALTH OR OF MIND, BEGIN "IS OOZING TERRIBLE WEAKNESS, TO THE POINT THAT EVEN PRESIDENT SADAT HAS SENSED THE PREMIER'S SPECIAL CONDITION." SPEAKING OF "THE STENCH OF THE GOVERNMENT'S DEATH RATTLE," BENZIMAN EXPLAINS THAT "MOST CABINET MINISTERS HAVE BEEN ACTING AS IF THEY WERE ON THE BRINK OF DISASTER, THUS PROVING THAT THE INNER DESTRUCTIVE FORCES ARE FAR STRONGER THAN THE COHESIVE ELEMENTS WHICH UNITE THEM IN THEIR BASIC INTEREST TO STAY IN POWER." A YEDIOT COMMENTATOR NOTED, "THIS IS NO LONGER A CABINET WHICH HAS LOST CEASED TO FUNCTION; IT IS A BAND OF MINISTERS LED BY THEIR UNBRIDLED URGES INTO A SUICIDAL ABYSS."

ANOTHER YEDIOT CORRESPONDENT DECLARES THAT "THE PRESENT GOVERNMENT HAS SUNK LOWER IN ITS CONDUCT THAN ANY PREVIOUS GOVERNMENT...IT HAS LOST ALL SENSE OF SHAME... AND HAS BECOME THE SCENE OF GROSS VULGARITY AND OF A TOTAL LACK OF ESPRIT DE CORPS....

7. (U) KOSYGIN ATTACKS ACCORDS: ACCORDING TO REUTER, SOVIET PREMIER KOSYGIN ON A ONE DAY VISIT TO THE PDRY ATTACKED THE EGYPTIAN-ISRAELI ACCORDS AS AN OBSTACLE IN THE WAY OF A COMPREHENSIVE MIDDLE EAST SETTLEMENT.

8. (U) STRAUSS VISIT: THE ISRAELI PRESS IS INTERPRETING REMARKS MADE BY AMBASSADOR STRAUSS AT A SEPTEMBER 12 PRESS CONFERENCE AS AN INDICATION THAT THE US WILL NOT PRESS FOR IMMEDIATE TALKS ON PALESTINIAN AUTONOMY. THE AMBASSADOR WAS QUOTED AS STATING THAT THE US WAS NOT SEEKING TO IMPOSE ANY SOLUTIONS TO THE VARIOUS PROBLEMS CONFRONTING EGYPTIAN-ISRAELI NEGOTIATIONS.

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9. (U) REPORT ON BEGIN'S FAILING HEALTH DENIED: BEGIN'S ADVISOR ON MEDIA AFFAIRS IN AN INTERVIEW WITH RADIO JERUSALEM, DENIED A REPORT IN TIME MAGAZINE THAT BEGIN WAS ADVISED BY THREE NON-ISRAELI DOCTORS NOT TO WORK MORE THAN THREE HOURS A DAY. BEGIN'S ADVISOR SAID THAT THE PRIME MINISTER WORKS FROM 9:00 A.M. TO NOON AND FROM 4:00 P.M. UNTIL EVENING EVERYDAY AND THAT THIS HAS BEEN HIS ROUTINE SINCE HE RETURNED TO A FULL WORK SCHEDULE.

10. (U) MORE ON THE LITANI AFFAIR: ACCORDING TO REUTER, A LEADING MEMBER OF THE ISRAELI KNESSET SAID SEPTEMBER 17 THAT THE TORTURE AND MURDER OF FOUR LEBANESE CIVILIANS BY AN ISRAELI OFFICER WAS NOT THE ONLY SUCH INCIDENT BUT DECLINED TO GIVE DETAILS. GENERAL EITAN, WHO HAS BEEN ATTACKED IN THE KNESSET AND THE PRESS FOR REDUCING THE SOLDIER'S SENTENCE TO TWO YEARS, SAID IN AN INTERVIEW WITH HA'ARIV SEPTEMBER 17 THAT HE DID NOT INTEND TO RESIGN AND THAT THE ACCUSED LIEUTENANT STOOD ALONE AND ACTED IN AN EXTREME SITUATION TANTAMOUNT TO A THREAT TO HIS LIFE. HA'ARETZ SEPTEMBER 17 EXPRESSED "NO DOUBT ABOUT THE AUTHENTICITY OF THE STORY" AND SAID THAT THE ISRAELI PEOPLE DESERVE A CHIEF OF STAFF WHO WILL NOT SHOW TOO MUCH INDULGENCE TOWARD A CONVICTED CRIMINAL AND WHO WILL NOT TRY TO DEFEND HIMSELF BY BLURRING THE TRUTH. HA'ARIV SAID THAT EITAN OWED THE ISRAELIS A FULL AND CANDID REPORT.

11. (S) ASSAD LYING LOW: ACCORDING TO EMBASSY SOURCES, ASSAD HAS BEEN UNCHARACTERISTICALLY OUT OF [illegible], WITH ONLY ONE PUBLIC APPEARANCE SINCE HIS RETURN FROM THE NAM SUMMIT SEPTEMBER 9. THE EMBASSY BELIEVES THAT ASSAD MAY STILL BE IN LATAKIA WHERE HE WENT SEPTEMBER 12 FOLLOWING THE DISTURBANCES. ADDITIONALLY, THE LACK OF LOCAL PRESS REPORTING ON ACTIVITIES OF OTHER SYRIAN POLITICAL LEADERS HAS INCREASED SPECULATION THAT ASSAD HAS CLOSETED HIMSELF IN ORDER TO DRAW UP A LIST OF MEMBERS FOR A NEW CABINET.

12. (C) LATAKIA-DAMAGE EXAGGERATED BUT CITY TENSE: EMBASSY DAMASCUS REPORTS THAT LATAKIA PRESENTED FEW OUTWARD SIGNS OF DAMAGE FOLLOWING THE EXTENSIVE RIOTS WHICH OCCURRED THERE RECENTLY BUT THAT THE CITIZENRY IS DEEPLY RESENTFUL OF MUNICIPAL AND SECURITY AUTHORITIES FOR FAILING TO ANTICIPATE AND THEN QUASH THE VIOLENCE BEFORE IT GOT OUT OF HAND.

13. (U) IRAQ CALLS FOR OPEC SUMMIT IN BAGHDAD: ACCORDING

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TO RADIO BAGHDAD, IRAQ SEPTEMBER 17 CALLED FOR A SUMMIT CONFERENCE OF OPEC HEADS OF STATE TO BE HELD IN BAGHDAD DURING THE SECOND HALF OF 1980 (THE TWENTIETH ANNIVERSARY OF OPEC'S ESTABLISHMENT). THE SOURCE EMPHASIZED THAT THE MEETING WOULD DISCUSS VARIOUS INTERNATIONAL DEVELOPMENTS, THE ENERGY ISSUE, AND THE WORLD ECONOMIC SYSTEM IN THE HOPE OF REACHING A STABLE STRATEGY FOR THE FUTURE AND TO SERVE OPEC'S INTERESTS AND THOSE OF DEVELOPING COUNTRIES.

14. (C) EGYPT: OIL SECTOR HIGHLIGHTS: EMBASSY CAIRO, UPDATING ITS ESTIMATES FOR 1979 EGYPTIAN OIL PRODUCTION, NOW EXPECTS EGYPT'S NEXT REVENUES TO EXCEED ONE BILLION ET
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* U.S. GOVERNMENT PRINTING OFFICE: 1977-225-323

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DE RUEHC #5442/03 2612218
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FM SECSTATE WASHDC
TO INTSUM COLLECTIVE PRIORITY
INFO RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2815
RUEKJCS/DOD/ISA WASHDC PRIORITY
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DOLLARS ON EXPORT SALES AVERAGING 158,000 BARRELS PER DAY (BPD) OUT OF A PRODUCTION TOTAL OF 530,000 BPD. CURRENT SALES OF SUEZ GULF CRUDE ARE BRISK AND THE MARKET IS BRINGING TOP PRICES OF DOLS 32.50 PER BARREL. CONSUMER DEMAND IS COMPLICATING THE EGYPTIAN PETROLEUM COMPANY'S INTENTION TO BRING PRICES CHARGED ITS CONTRACT CUSTOMERS INTO LINE WITH THOSE QUOTED ITS SHARING PARTNERS, LIKE AMOCO, WHO ARE REFUSING TO PAY MORE THAN DOLS 22.00 PER BARREL. NEGOTIATIONS WITH THE ISRAELIS, REGARDING THE TRANSFER OF THE ALMA FIELD, ARE PROGRESSING SATISFACTORILY ACCORDING TO THE CHIEF NEGOTIATOR AT AL TOR. THE FIELD WILL BE TURNED OVER EITHER ON NOVEMBER 25 OR 26. ISRAEL IS INSISTING O' NOT PAYING MORE THAN DOLS 25.00 PER BARREL FOR THE CARGOES THAT SADAT PROMISED

WOULD BE MADE AVAILABLE FOR ISRAEL IN DECEMBER. SOME BROKERS ARE ALREADY ARRANGING THE SHIPMENTS.

15. (LOU) EGYPTIAN COMMUNISTS ORDERED RELEASED: COMMENTING ON THE PRESUMABLY WEAK CASE PRESENTED BY THE GOVERNMENT PROSECUTION EMBASSY CAIRO, CITING THE LOCAL PRESS, REPORTS THAT THE SUPREME STATE SECURITY COURT HAS ORDERED THE IMMEDIATE RELEASE OF 55 ALLEGED MEMBERS OF THE OUTLAWED EGYPTIAN COMMUNIST PARTY WHO WERE ROUNDED UP IN AUGUST AND CHARGED WITH HAVING CONTACTS WITH HOSTILE FOREIGN ELEMENTS AS WELL AS MEMBERSHIP IN A SUBVERSIVE ORGANIZATION. INCLUDED IN THIS TOTAL ARE 38 WHO HAVE PREVIOUSLY BEEN FREED ON BAIL. PRESIDENT SADAT APPARENTLY HAS THE RIGHT TO APPEAL THE COURT'S DECISION WITHIN 15 DAYS DURING WHICH THE DEFENDENTS WILL REMAIN IN CUSTODY.

16. (U) LEADER OF MUSLIM BROTHERHOOD KILLED: ACCORDING TO REUTER, ABDUL SATTAR AL-ZAIM, A LEADING MEMBER OF THE OUTLAWED MUSLIM BROTHERHOOD IN SYRIA, WAS KILLED IN A CLASH WITH A MILITARY POLICY PATROL. ZAIM HAD BEEN WANTED BY POLICE ON CHARGES OF CARRYING OUT SEVERAL

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SSASSINATIONS THERE AS WELL AS HAVING BEEN INVOLVED IN THE MASSACRE OF FIFTY ARMY CADETS IN ALEPPO IN JUNE.

17. (U) LEADERS OF SCLC TO MEET WITH ARAFAT: ACCORDING TO REUTER, A GROUP OF BLACK LEADERS FROM THE SOUTHERN CHRISTIAN LEADERSHIP CONFERENCE LEFT FOR BEIRUT SEPTEMBER 17 TO MEET WITH ARAFAT. THE GROUP INCLUDES: PRESIDENT OF THE SCLC, THE REV. JOSEPH LOWERY, WALTER FAUNTROY, DR. CLAUDE YOUNG OF DETROIT, AND DR. RON WATERS, A FACULTY MEMBER AT HOWARD UNIVERSITY. DR. LOWERY SAID THE TRIP WAS PREDICATED ON ARAFAT'S INTEREST IN PURSUING THE PROPOSALS THE SCLC MADE IN ITS AUGUST MEETING WITH TERZI, PLO OBSERVER AT THE UN, WHICH INCLUDE PLO RECOGNITION OF "THE NATIONHOOD OF ISRAEL, ISRAEL'S RECOGNITION OF PALESTINIAN RIGHTS, AND AGREEMENT BY BOTH GROUPS TO A MORATORIUM ON VIOLENCE." VANCE
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* U.S. GOVERNMENT PRINTING OFFICE 1977-225-323

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FM SECSTATE WASHDC
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INFO RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2839
RUEKJCS/DOD/ISA WASHDC PRIORITY
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S E C R E T SECTION 01 OF 02 STATE 246664/01

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POL
CHRG:
ECON
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E.O. 12065: GDS 9/19/85 (MONTVILLE, JOSEPH V.)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 899 - SEPTEM ER 19, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHODS INVOLVED
NOT RELEASABLE TO FOREIGN NATIONALS

(PARAGRAPHS 1-9 SECRET/NOFORN)

1. IMPLICATIONS OF ISRAELI PURCHASES OF WEST BANK-GAZA LAND: LEGAL IMPLICATIONS ASIDE, THE DECISION TO PERMIT ISRAELIS AND ISRAELI ASSOCIATIONS TO PURCHASE LAND ON THE WEST BANK AND GAZA IS LIKELY TO HAVE A PROFOUND PSYCHOLOGICAL IMPACT ON THE PALESTINIAN ARABS IN THE WEST BANK AND GAZA AND FURTHER TO UNDERCUT THOSE ARGUING FOR ARAB MODERATION. THE MOST EXPLOSIVE ISSUES FOR PALESTINIANS ARE THOSE OF LAND AND WATER. THE RESOLUTION OF THESE ISSUES IN THE AUTONOMY NEGOTIATIONS IS THE FACTOR MOST LIKELY TO DETERMINE THE DEGREE TO WHICH PALESTINIANS IN THE OCCUPIED TERRITORIES WILL BE ENCOURAGED TO SEEK HASHEMITE OR PLO ACQUIESCENCE FOR THEIR PARTICIPATION IN THE SELF-GOVERNING AUTHORITY.

2. THE PRACTICAL EFFECTS OF THE DECISION ARE FAR FROM CLEAR AND 'ILL BECOME APPARENT ONLY IN THE COMING MONTHS. A RESPECTED ISRAELI JOURNALIST, WHO IS AN EXPERT ON SETTLEMENTS, HAS TOLD EMBASSY TEL AVIV THAT HE EXPECTED THE DECISION TO HAVE FEW PRACTICAL CONSEQUENCES. HE ARGUED THAT MUCH OF THE LAND WHICH CAN BE BOUGHT ALREADY HAS BEEN PURCHASED CLANDESTINELY. MOREOVER, HE FELT THAT JORDANIAN LAW REQUIRING THE DEATH PENALTY IN SUCH CASES AND THE POSSIBILITY OF PLO RETRIBUTION WOULD MAKE IT EXTREMELY UNLIKELY THAT PALESTINIANS WOULD ALLOW ANY SUCH DEALS TO OCCUR.

3. ANOTHER ISRAELI COLUMNIST HAS ARGUED THAT SOME ARAB RESIDENTS ARE QUITE WILLING TO SELL LAND TO INDIVIDUAL ISRAELIS, BUT THAT THEY WOULD NOT WANT TO SELL TO AN INSTITUTION DEALING WITH SETTLEMENT MATTERS BECAUSE THAT WOULD CONSTITUTE A "POLITICAL" ACT. HE ALSO NOTED THAT IF LAND REGISTRATIONS WERE CARRIED OUT IN ACCORDANCE WITH JORDANIAN LAW IT WOULD PRODUCE NEAR INSUPERABLE HURDLES. HE CONCLUDES THAT THE DECISION WILL BE TESTED ACCORDING TO HOW REGISTRATION PROCEDURES ARE HANDLED IN PRACTICE.

4. HOWEVER, THESE PREDICTIONS ARE PRELIMINARY AND MAY BE TOO SANGUINE. SETTLEMENT ADVOCATES, SUCH AS SHARON AND THE GUSH EMUNIM, WILL BE WORKING TO HAVE THE NEW DECISION IMPLEMENTED IN A WAY THAT FACILITATES THEIR SETTLEMENT ACTIVITIES. (ISRAELI GOVERNMENTS HAVE FOUND WAYS TO OBTAIN THE LAND THEY WANT FOR NEW SETTLEMENTS DESPITE COURT CHALLENGES AND OTHER OBSTACLES.)

5. THE LAW COULD BE PARTICULARLY SIGNIFICANT IN THE AREAS AROUND "GREATER JERUSALEM." EVEN BEFORE THE NEW DECISION MOST OF THE ILLEGAL PURCHASES THAT HAVE TAKEN PLACE ARE BELIEVED TO HAVE OCCURRED HERE, OFTEN BY HIGH GOVERNMENT OFFICIALS AN LARGE CONTRACTORS INTENT ON SPECULATION. LAND PRICES IN THE AREA ARE RAPIDLY RISING. A FURTHER INCENTIVE O PRIVATE PURCHASES IN THIS AREA IS THE SIGNIFICANT NUMBER OF EXPATRIATE ARABS FROM JERUSALEM AND ENVIRONS WHO HAVE EMIGRATED TO THE WEST BUT STILL OWN LAND. MANY ARE CONCERNED THAT THEIR CLAIMS WILL NOT

BE RECOGNIZED AND MIGHT BE AMENABLE TO SELLING THEIR LANDS. MEANWHILE, THE JEWISH NATIONAL FUND IS REQUIRED BY ITS CHARTER TO BUY LAND IN "ERETZ YISRAEL" WHENEVER THE OPPORTUNITY PRESENTS ITSELF.

6. ARABS IN OTHER AREAS WHO MAY NOT BE INCLINED TO SELL NEVERTHELESS CAN SOMETIMES BE INDUCED TO DO SO IF THEY FEEL THAT EVENTUAL EXPROPRIATION IS INEVITABLE. INTIMIDATING SUGGESTIONS OF EXPROPRIATION HAVE OCCURRED. SETTLEMENT ENTHUSIASTS, WORKING WITH FRIENDLY GOVERNMENT OFFICIALS, COULD PLAY UPON THE FEARS OF LANDOWNERS. AS SOME ARAB LANDOWNERS SEE LARGE TRACTS OF LAND THEY REGARD AS THEIRSFENCED IN FOR "SECURITY REASONS" OR CLAIMED AS "STATE LANDS," SOME WILL UNDOUBTEDLY QUESTION THE WISDOM OF HOLDING TO PRINCIPLE AND FORGOING AN OPPORTUNITY FOR COMPENSATION.

7. ONE UNANSWERED QUESTION IS HOW LAND ALREADY PURCHASED ILLEGALLY BY ISRAELIS WILL BE HANDLED UNDER THIS DECISION. SUCH ISRAELIS WILL PROBABLY NOW TRY TO HAVE THEIR LANDS REGISTERED OPENLY. SOME CASES ARE NOW IN THE COURTS IN WHICH ARABS WHO DID NOT HAVE VALID OWNERSHIP OR POWER-OF-ATTORNEYFRAUDULENTLY SOLD LAND TO ISRAELI BUYERS.

8. MOREOVER, THE JEWISH NATIONAL FUND AND SOME PRIVATE CITIZENS HELD 32,000 DUNAMS ON THE WEST BANK BEFORE 1948. BT
#6664

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PP RUCNHK
DE RUEHC #6664/02 2631428
ZNY SSSSS ZZH
P 192208Z SEP 79
FM SECSTATE WASHDC
TO INTSUM COLLECTIVE PRIORITY
INFO RUEATRS/ TREASURY DEPARTMENT WASHDC PRIORITY 2848
RUEKJCS/DOD/ISA WASHDC PRIORITY
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S E C R E T FINAL SECTION OF 02 STATE 246664/02

THE ISRAELI LAND AUTHORITY IS ADMINISTERING THIS LAND, AND MOST OF IT HAS BEEN LEASED TO ARABS. IF THE FUND OR THE PRIVAT OWNERS NOW RECLAIM THEIR RIGHTS TO ADMINISTER THE LAND, IT COULD CREATE FRICTION WITH THE ARAB TENANTS.

9. FI ALLY, TH DECISION RAISES THE POSSIBILITY THAT ISRAELI ARABS COULD BE USED AS FRONTS TO PURCHASE LAND, EITHER BY ARAB INTERESTS OUTSIDE THE OCCUPIED TERRITORIES OR JEWISH GROUPS INTENT ON SETTLEMENT ACTIVITY.

10. (U) DAYAN DEMANDS TO HEAD DELEGATION TO US: ACCORDING TO DAVAR, DAYA' DEMANDED THE TITLE OF HEAD OF THE ISRAELI D"LEGATION TO THE TALKS ON THE SUPERVISION ARRANGEMENTS IN THE SINAI AS THE CONDITION FOR HIS GOING TO THE US. PREVIOUSLY, DAYAN REQUIRED TO BE RELEASED FROM MAKING THE TRIP EXPLAINING THAT WEIZMAN COULD CONDUCT THE NEGOTIATIONS BY HIMSELF.

11. (U) PERES LASHES OUT AT PLO: ACCORDING TO AP, SHIMON PERES LASHED OUT AT THE PLO IN A SPEECH SPONSORED BY THE YALE UNIVERSITY POLITICAL UNION SEPTEMBER 17. PERES CHARGED THAT THE PLO HAS NEVER FOLLOWED A MODERATE POLICY AND THAT THERE IS NOT THE SLIGHTEST CHANCE THAT THE PLO WILL CHANGE ITS GOVERNMENT OR POLICIES. PERES ADDED THAT, "THE PALESTINIAN PEOPLE HAVE A RIGHT TO DETERMINE THEIR OWN FUTURE THE MINUTE THE PLO THREAT IS LIFTED."

12. (U) ISRAEL TO HONOR SOUTH AFRICAN ARMS EMBARGO: US UN REPORTS THAT IN AN ISRAELI UN MISSION NOTE TO THE ARMS EMBARGO COMMITTEE ISRAEL SAYS IT WILL COMPLY WITH SECURITY COUNCIL RESOLUTION 418 (1977) AND ACCORDINGLY WILL NOT PROVIDE SOUTH AFRICA WITH ARMS OR RELATED MATERIAL INCLUDING THE SALE OR TRANSFER OF WEAPONS AND AMMUNITION, MILITARY VEHICLES AND EQUIPMENT.

13. (C) SAUDI CONCERNS ABOUT YEMEN UNITY: EMBASSY JIDDA REPORTS THAT THE FOREIGN MINISTRY DIRECTOR FOR ARAB AFFAIRS, ISMAIL SHURA, TOLD THE POLITICAL COUNSELOR ON SEPTEMBER 17, THAT THE PURPOSE OF THE VISIT OF THE YAR PRIME MINISTER AND HIS DEPUTY TO SAUDI ARABIA SEPTEMBER 11 WAS TO INFORM THE SAUDIS THAT SALIH PLANNED TO ACCEPT THE PROPOSAL FOR A SUMMIT MEETING WITH PDRY'S ABD AL-FATTAH ISMAIL. SHURA SAID THAT PRINCE SAUD WAS SCHEDULED TO VISIT SANA THE DAY OF THE SUMMIT, SEPTEMBER 17, TO DISCUSS YEMENI UNITY AND EASTERN BLOC ARMS DELIVERIES TO THE YAR. SHURA THOUGHT THAT SALIH AGREED TO THE SUMMIT BECAUSE HE WAS AFRAID THE PDRY WOULD ATTACK IF HE DID NOT AT LEAST GIVE THE APPEARANCE OF MOVING TOWARD UNITY. THE SAUDIS, PURPORTEDLY, DID NOT HAVE MUCH CONFIDENCE THAT SALIH WOULD ABIDE BY HIS ASSURANCES TO THEM ON THE UNITY QUESTION.

14. (U) CORRECTION-YAR EMBASSY "BOMB": EMBASSY SANA REPORTS THAT THE PACKAGE DELIVERED TO THE EMBASSY MONDAY WAS ERRONEOUSLY BELIEVED TO BE A BOMB.

15. (U) OMAN, UAE REACH BORDER AGREEMENT: ACCORDING TO QATAR'S PRESS, THE UNDERSECRETARY OF THE OMANI FOREIGN MINISTRY HAS DECLARED THAT THE UAE AND OMAN HAVE REACHED AN AGREEMENT ON THE BORDER DISPUTE BETWEEN THE TWO COUNTRIES AND THAT THE AGREEMENT WILL BE ANNOUNCED SOON.

16. (C) HUSS ON PLO WITHDRAWAL: PRIME MINISTER AL-HUSS TOLD AMBASSADOR DEAN SEPTEMBER 14, THAT HE HAD TALKED WITH SALAH KHALAF (ABU IYAD) RECENTLY AND AS A RESULT OF THIS MEETING WAS CONVINCED THE PLO WOULD AGREE TO THE LEBANESE ARMED FORCES TAKING OVER WIDER RESPONSIBILITIES IN SOUTH LEBANON ONLY IF THERE WERE SOMETHING IN IT FOR THE PALESTINIANS. KHALAF TOLD AL-HUSS THAT THE DEPLOYMENT OF LEBANESE SOLDIERS TO THE SOUTH REQUIRED A POLITICAL AGREEMENT AMONG THE LEBANESE GOVERNMENT, THE VARIOUS LEBANESE FACTIONS, THE PLO, AND THE SYRIANS.
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12 YEARS IN PRISON. HIS SENTENCE WAS LATER REDUCED TO EIGHT YEARS BY THE MILITARY COURT OF APPEALS. IN JUNE 1979, EITAN FURTHER REDUCED THE PRISON TERM TO TWO YEARS.

5. EITAN JUSTIFIED HIS DECISION ON THE GROUNDS THAT THE PRINCIPLES OF COMBAT WERE MITIGATING CIRCUMSTANCES AND THAT THE OFFICER'S LOSS OF RANK WAS THE MOST EFFECTIVE PUNISHMENT. REPORTS LEAKED TO THE ISRAELI PRESS, HOWEVER, HAVE ALLEGED THAT THE OFFICER WAS NOT IN A SITUATION OF DANGER, BUT MURDERED THE ARABS IN COLD BLOOD. PRESS REPORTS HAVE ALSO CLAIMED THAT THE OFFICER WAS INVOLVED WITH THE DAUGHTER OF A GENERAL OFFICER WHO IS A FRIEND OF EITAN.

4. THE MILITARY AND SOCIETY: THE IDF IS THE MOST PRESTIGIOUS OF ISRAEL'S NATIONAL INSTITUTIONS AND ALSO ONE OF THE MOST INFLUENTIAL. THROUGH ITS YOUTH PROGRAMS, WIDELY CAST CONSCRIPTION NET, AND EXTENDED RESERVE SYSTEM, THE IDF TOUCHES THE DAILY LIVES OF VIRTUALLY ALL ISRAELIS. PRIOR TO THE 1973 WAR, THIS INSTITUTION WAS VIRTUALLY SACROSANCT AND ITS GENERAL OFFICERS, THE "ALUFIM," VIEWED AS ISRAEL'S HERO CLASS. THE SHOCK OF THE 1973 WAR TARNISHED THIS IMAGE, HOWEVER, AND IT LEFT THE MILITARY AND ITS LEADERS MORE SUBJECT TO CRITICISM. THE CURRENT AFFAIR IS THE MOST RECENT EXAMPLE. NEVERTHELESS, ISRAELIS IN GENERAL REMAIN SENSITIVE TO ANYTHING THAT DETRACTS FROM THE IDF'S STANDING.

5. THE CREDIBILITY ISSUE: MUCH OF THE CONTROVERSY GENERATED BY THE "EITAN OFFICER AFFAIR" HAS CENTERED ON THE ISSUE OF EITAN'S CREDIBILITY. HIS CRITICS ARGUE THAT EITAN, EITHER DELIBERATELY OR UNINTENTIONALLY, MISLED THE NATION ABOUT THE CIRCUMSTANCES OF THE DEATH OF THE FOUR ARABS. EFFORTS BY EITAN AND WEIZMAN TO CLARIFY THE SITUATION HAVE BEEN LESS THAN SUCCESSFUL.

6. THIS ISSUE IS IMPORTANT BECAUSE BOTH GOVERNMENT AND PROPER DESIRE A CHIEF OF STAFF WHOSE CREDIBILITY IS BEYOND QUESTION. IT WOULD BE PROFOUNDLY DISTURBING TO ISRAELIS NOT TO BE ASSURED THAT HIS POLICY POSITIONS ARE BASED ON OBJECTIVE MILITARY JUDGMENT AND THAT HE IS NOT DRIVEN BY OTHER CONSIDERATIONS. THE CURRENT AFFAIR WILL INEVITABLY DETRACT SOMEWHAT FROM EITAN'S CREDIBILITY, THOUGH NOT NECESSARILY ENOUGH TO PROVOKE HIS DISMISSAL.

7. THE ISSUE OF MORALITY: THE IDF HAS GIVEN MUCH THOUGHT TO THE CONCEPT OF JUSTICE IN WAR AND TO THE ISRAELI MILITARY DOCTRINE THAT ENNOBLES MAINTAINING "PURITY OF ARMS." NEVERTHELESS, THIS DOCTRINE HAS BEEN

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AT ODDS WITH THE DOCTRINE OF "EXHAUSTING THE MISSION," I.E., THE UNACCEPTABILITY OF A FAILURE TO CARRY OUT A GIVEN OPERATION, EXCEPT UNDER EXTREME CIRCUMSTANCES. THERE HAVE BEEN ENOUGH EXAMPLES OF "EXHAUSTING THE MISSION," EVEN IF IT ENTAILED CASUALTIES OF INNOCENTS, TO SUGGEST THAT THIS IS AT LEAST OCCASSIONALLY THE DOMINANT CONCEPT.

8. FOR A NATION ENGAGED IN WHAT IT VIEWS AS A PROTRACTED WAR AGAINST "TERRORIST" OPPONENTS, AND TRYING TO CONVINCE INTERESTED OBSERVERS OF THE JUSTICE OF ITS WAR, THE ISSUE OF KILLING DEFENSELESS INDIVIDUALS IS NOT UNIMPORTANT. BY REDUCING THE SENTENCE, BEGIN -- IN THE EYES OF MANY ISRAELIS -- HAS PUT THE IDF ON THE SAME LEVEL BY

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OF CONDUCT AS THE DESPISED "TERRORISTS." ISRAELIS FIND IT DISTRESSING TO SEE THEIR MOST REVERED INSTITUTION REVEALED IN SUCH LIGHT.

9. (U) BOMB BLAST IN JERUSALEM: ACCORDING TO AP, A BOMB EXPLODED AT A CROWDED SHOPPING MALL IN JERUSALEM SEPTEMBER 19, KILLING ONE AND INJURING THIRTY-FOUR PEOPLE.

10. (U) WALDHEIM CRITICIZES ISRAELI DECISION ON LAND PURCHASES IN OCCUPIED TERRITORIES: ACCORDING TO UN MISSION, SECRETARY GENERAL WALDHEIM ISSUED A STATEMENT CONCLUDING THAT THE REPORTS OF THE ISRAELI DECISION (ON PRIVATE PURCHASES OF LAND) IF ACCURATE, IMPLY A DECISION CONTRARY TO A NUMBER OF UN RESOLUTIONS RELATING TO THE ACQUISITION OF LAND IN THE OCCUPIED TERRITORIES AND TO THE TERMS OF THE FOURTH GENEVA CONVENTION.

11. (C) FREIJ ON KNESSET DECISION ON LAND SALES: CONSULATE GENERAL JERUSALEM REPORTS THAT DURING THE COURSE OF A CONVERSATION SEPTEMBER 18 WITH AID ADMINISTRATOR BENNET, BETHLEHEM'S MODERATE MAYOR FREIJ EMPHASIZED HIS VIEW THAT THE KNESSET DECISION PERMITTING ISRAELIS TO BUY LAND IN THE WEST BANK WAS AN EXTREMELY ALARMING STEP. HE SAID THAT IT MUST BE REMEMBERED THAT MANY WEST BANKERS HOLD EXTENSIVE LAND HOLDINGS, PARTICULARLY THOSE FROM THE BETHLEHEM AND RAMALLAH AREAS, ARE LIVING ABROAD IN SOUTH AMERICA AND NORTH AMERICA WITH LITTLE INTENTION OF EVER RETURNING AS LONG AS ISRAEL HOLDS ONTO THE TERRITORIES. MORE THAN EVER, THESE PEOPLE WILL BE INCLINED TO SELL, PARTICULARLY SINCE THE MILITARY GOVERNMENT KNOWS THE NAMES AND ADDRESSES OF THE ABSENTEES AND EXPECTS THAT POTENTIAL JEWISH BUYERS WILL BE VIGOROUSLY CONTACTING THE ABSENTEES WITH GOOD OFFERS.

12. (U) [illegible] PREVENTED FROM ENTERING ISRAELI-ARAB [illegible] POLICE

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PREVENTED MILITANT AMERICAN RABBI MEIR KAHANE FROM ENTERING AN ISRAELI-ARAB TOWN TODAY WHERE THOUSANDS OF RESIDENTS STAGED A NOISY DEMONSTRATION AGAINST HIS VISIT. LAST WEEK RABBI KAHANE NOTIFIED MEMBERS OF THE TOWN COUNCIL OF UMM EL-FAHM, SOUTHEAST OF HAIFA, THAT HE WOULD VISIT THE COMMUNITY TO ASK THEM TO SIGN ISRAEL'S DECLARATION OF INDEPENDENCE. HE SAID THE SIGNING OF THE DOCUMENT WAS NECESSARY BECAUSE THE LOYALTY OF THE ARAB RESIDENTS WAS IN DOUBT.

13. (U) KHALIL BLASTS ISRAELI LAND DECISION: ACCORDING TO REUTER, PRIME MINISTER KHALIL SAID SEPTEMBER 19 THAT ISRAEL'S DECISION TO ALLOW ITS CITIZENS LAND-BUYING RIGHTS IN OCCUPIED TERRITORIES WAS PART OF AN ATTEMPT TO FORCE ARABS INTO SELLING. HE ADDED THAT THE MOVE WAS "A NEW ATTEMPT TO OBVIATE THE ARAB CHARACTER OF PALESTINIAN LAND AND CREATE A NEW STATUS LIKELY TO OBSTRUCT THE PALESTINIAN PEOPLE'S PRACTICE OF THEIR RIGHTS OVER THEIR LAND AND HOME." (THIS COMES IN ADDITION TO THE STRONG CONDEMNATION OF THE ISRAELI DECISION ISSUED SEPTEMBER 19 BY THE EGYPTIAN FOREIGN MINISTRY.)

14. (C) BAHRAIN SHOWS FIRMNESS IN COUNTERING DEMONSTRATIONS: EMBASSY MANAMA REPORTS THAT BAHRAIN'S POLICY OF ACTING RAPIDLY AND FIRMLY TO DISPEL THE SEVERAL SMALL SHIITE DEMONSTRATIONS HELD DURING THE PAST TWO WEEKS, HAS BEEN SUCCESSFUL AND THE CITY IS CALM. RIOT SQUAD PATROLS HAVE BEEN IN EVIDENCE DOWNTOWN AND THERE HAVE BEEN ALMOST DAILY PRESS STATEMENTS BY THE MINISTERS OF INFORMATION AND OF THE INTERIOR, REPEATEDLY EMPHASIZING THE GOVERNMENT'S FIRM ATTITUDE.

15. (C) YAR-SOVIET ARMS AGREEMENT: EMBASSY SANA REPORTS THAT A SENIOR YEMENI OFFICIAL TOLD THE AMBASSADOR ON SEPTEMBER 19 THAT HE DID NOT BELIEVE SALIH WAS ACTIVELY CONSIDERING AN ARMS DEAL WITH THE SOVIET UNION. HOWEVER, DEPUTY CHIEF OF STAFF ALI MANSOUR CONTINUES TO SHUTTLE BETWEEN PRAGUE AND BERLIN AWAITING FOR INSTRUCTIONS FROM THE PRESIDENT AND HAS NEGOTIATED THE DETAILS OF AN AGREEMENT, ALTHOUGH HE HAS CLEARLY NOT YET RECEIVED THE AUTHORITY TO SIGN IT. THE SOURCE COMMENTED THAT SALIH SAID IT WAS PUBLIC KNOWLEDGE THAT HE HAD TAKEN MONEY FROM THE CENTRAL BANK AND PURCHASED NEW POLISH TANKS.

16. (U) PLO-SCLC: REUTER QUOTED THE PRESIDENT OF THE SOUTHERN CHRISTIAN LEADERSHIP CONFERENCE, JOSEPH LOWERY, AS SAYING IN BEIRUT THAT: "WE ARE CONVINCED THAT THE ULTIMATE SOLUTION FOR LEBANON AND THE MIDEAST IS FOR

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BOTH THE ISRAELIS AND THE PALESTINIANS TO BE SECURE IN THEIR RESPECTIVE HOMELANDS, AND TO LIVE IN PEACE WITH JUSTICE. LOWERY SAID THE SCLC PLANS TO HOLD SEMINARS IN MAJOR AMERICAN CITIES WHICH WILL FOCUS ON PEACE EFFORTS IN THE MIDDLE EAST AND AFRICA AND EXPRESSED THE HOPE THAT REPRESENTATIVES OF ALL PARTIES INVOLVED WOULD PARTICIPATE.

ACCORDING TO THE PLO'S RADIO, CONGRESSMAN FAUNTROY SAID CIVIL RIGHTS LEADERS HAVE BEGUN TALKS WITH THE PLO IN THE HOPE THAT THE US GOVERNMENT WILL FOLLOW SUIT.

17. (U) ARAFAT-HUSSEIN MEET: AMMAN RADIO REPORTED THAT YASSIR ARAFAT MET WITH KING HUSSEIN SEPTEMBER 19 AT THE

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JORDANIAN BORDER TOWN OF AL-RAMTHA. (THIS IS THE FOURTH MEETING ARAFAT HAS HELD WITH HUSSEIN IN JORDAN IN THE PAST YEAR AND FOLLOWS THEIR REPORTED MEETING AT THE NON-ALIGNED SUMMIT IN HAVANA.) ARAFAT SAID HE PLANNED TO COORDINATE ISSUES OF MUTUAL CONCERN WITH HUSSEIN FOR THE FORTHCOMING UNGA SESSION, PARTICULARLY SINCE THE KING WILL BE THE FIRST SPEAKER AT THE SESSION.

B. (LOU) PLO-RECOGNITION OF ISRAEL. IN AN INTERVIEW WITH THE BEIRUT PERIODICAL MONDAY MORNING, SENIOR FATAH LEADER SALAH KHALAF SAID THAT RECOGNITION OF ISRAEL IS "THE BIGGEST CARD" IT (THE PLO) HAS, AND IT IS WILLING TO RELINQUISH IT ONLY IN RETURN FOR A STATE NOT A STATEMENT. "I AM LOOKING FOR THE PARTY WHO CAN GIVE ME THAT STATE SO I CAN GIVE IT THIS CONCESSION IN RETURN," HE SAID. (WE REGARD THIS STATEMENT AS EXTREMELY SIGNIFICANT SINCE KHALAF IS GENERALLY MORE RESERVED IN HIS PUBLIC STATEMENTS THAN ARAFAT. FATAH LEADERS ARE NOW MORE WILLING TO ADMIT TO THEIR FOLLOWERS THAT RECOGNITION OF ISRAEL WILL BE THE POLITICAL PRICE THAT HAS TO BE PAID IF THEY ARE TO REALIZE THEIR LIMITED GOALS. ARAFAT RECENTLY HAS DUCKED JUST SUCH QUESTIONS BY ASKING INTERVIEWERS WHY THEY DID NOT ASK THE ISRAELIS IF THEY WERE READY TO RECOGNIZE PALESTINIAN RIGHTS.)

KHALAF ALSO SAID THAT HE EXPECTED ARAFAT TO RECEIVE INVITATIONS FROM ALL WEST EUROPEAN COUNTRIES WITHIN THE NEXT FEW MONTHS. HE STATED THAT ARAFAT WOULD GO TO FRANCE AT THE INVITATION OF THE FRENCH COMMUNIST PARTY AND THAT IT WOULD BE UP TO THE FRENCH GOVERNMENT TO DECIDE IF AN OFFICIAL VISIT OCCURS. VANCE
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E.O. 12065 GDS 9/27/85 (MONTVILLE, JOSEPH V.)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 905 - SEPTEMBER 27, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

(PARAGRAPHS 1-9 CONFIDENTIAL)

1. WEST GERMAN INITIATIVES WORRY ISRAEL: WEST GERMANY IS CAUTIOUSLY MOVING TO IMPROVE RELATIONS WITH THE ARABS IN WAYS THAT ARE BOUND TO CAUSE ISRAEL CONCERN. BONN WILL ATTEMPT TO BALANCE ITS NEW ARAB EMPHASIS WITH EFFORTS TO MAINTAIN THE SUPPORTIVE RELATIONSHIP WITH ISRAEL THAT IT HAS BEEN FOLLOWING IN ATONEMENT FOR THE NAZI ERA. THE FRG REMAINS COMMITTED TO ISRAEL'S CONTINUED EXISTENCE AND ITS RIGHT TO SECURE BOUNDARIES. BUT WEST GERMAN INITIATIVES ARE CAUSING THE FRG TO BE PERCEIVED BY BOTH ARABS AND ISRAEL AS CLOSER TO THE ARABS THAN IN THE PAST.

2. BONN DOES NOT WANT TO GET TOO FAR AHEAD OF WASHINGTON ON MIDDLE EAST ISSUES. IT WOULD LIKE THE MOMENTUM OF CAMP DAVID TO PICK UP. SCHMIDT AND FOREIGN MINISTER GENSCHER BELIEVE THAT THE PALESTINIAN ISSUE LIES AT THE HEART OF A SETTLEMENT AND THAT RECOGNITION OF ISRAEL'S EXISTENCE BY THE PALESTINIANS IS THUS CRUCIAL TO A SUCCESSFUL CONCLUSION OF NEGOTIATIONS. THEY ALSO WANT TO HELP MAKE A US MOVE TOWARD DIALOGUE WITH THE PLO POSSIBLE.

3. GENSCHER, WHO RETURNED IN EARLY SEPTEMBER FROM HIS SECOND RECENT TOUR OF THE MIDDLE EAST, IS INTERESTED IN PROMOTING A MORE PROMINENT EUROPEAN ROLE IN THE AREA. HE WOULD LIKE WEST GERMANY AND THE EC-9 TO AUGMENT US EFFORTS BY EXERTING A CALMING AND CONSTRUCTIVE INFLUENCE ON THE ARAB RADICALS.

4. GENSCHER IS WORRIED IN PARTICULAR ABOUT THE OPPOSITION OF THE ARABS TO THE CAMP DAVID ARRANGEMENTS AND ABOUT THE LACK OF EFFECTIVE WESTERN INVOLVEMENT WITH THE PLO. THE NEW, MORE ACTIVE EUROPEAN ROLE THAT HE ENVISAGES IS STRONGLY SUPPORTIVE OF US EFFORTS; HE EXPECTS THAT IT WOULD BE CARRIED OUT WITH US BLESSINGS.

5. IN A BONN BRIEFING OF EC AMBASSADORS, SHORTLY AFTER GENSCHER'S RETURN FROM HIS MIDDLE EAST TRIP, FRG FOREIGN OFFICE SPOKESMEN REPORTEDLY EMPHASIZED THAT IN ORDER TO HELP THE US, THE EC-9 NEEDED TO SHOW THAT THERE EXISTED A EUROPEAN ALTERNATIVE TO SOVIET INFLUENCE. THE ARABS, GENSCHER CONCLUDED, HAD BEEN FAVORABLY IMPRESSED WITH THE BASIC EUROPEAN POSITIONS THAT HE HAD OUTLINED TO THEM ON HIS TRIPS.

6. THE FRG EXPLICITLY SUPPORTS THE RIGHT OF THE PALESTINIANS TO SELF-DETERMINATION. AT THE SAME TIME, THE FRG IS ENGAGED IN PUTTING BE IND-THE-SCENES PRESSURE ON ISRAEL TO ADOPT A MORE ACCOMMODATING STANCE TOWARDS THE ARABS. WEST GERMAN OPPOSITION TO ISRAELI SETTLEMENTS, TO ISRAELI POLICY TOWARD SOUTHERN LEBANON, AND TO ISRAELI OPPOSITION TO A PALESTINIAN STATE WAS MADE CLEAR TO TEL AVIV.

7. HOW FAR BONN WILL PERSIST IN A POLICY WHICH ANTAGONIZES THE ISRAELIS REMAINS TO BE SEEN. WHEN DAYAN VISITED BONN EARLIER THIS MONTH, FRG LEADERS ATTEMPTED TO REASSURE HIM. UNDER ISRAELI PRODDING, GENSCHER RETREATED SLIGHTLY FROM HIS INSISTENCE ON "SELF-DETERMINATION" FOR THE PALESTINIANS. HE ADDED THE IMPORTANT QUALIFICATION THAT THE "APPROVAL OF ALL PARTIES CONCERNED" WAS NEEDED FOR PALESTINIAN SELF-DETERMINATION.

8. DAYAN LEFT BONN WITH LESS THAN HE HAD BEEN LOOKING FOR. YET, THERE IS NO POSSIBILITY THAT THE FRG WILL BACK OFF FROM ITS BASIC COMMITMENT TO ISRAEL'S CONTINUED EXISTENCE AND ITS RIGHT TO SECURE BOUNDARIES.

9. (U) ISRAEL-EGYPT-LAND SALES: JERUSALEM RADIO CHARACTERIZED THE EXCHANGE BETWEEN MINISTER BUTRUS GHALI AND MINISTER BURG AT THE AUTONOMY NEGOTIATIONS OVER THE DECISION TO PERMIT ISRAELIS TO BUY LAND IN THE OCCUPIED TERRITORIES AS "A FIERCE ARGUMENT." BUTRUS GHALI SAID THAT THE DECISION CREATES FAITS ACCOMPLIS AND REMARKED: "LET IT BE CLEAR THAT WITHOUT THE PARTICIPATION OF PALESTINIANS OUR DISCUSSIONS HERE WILL ONLY BE ACADEMIC." THE EGYPTIAN NEWSPAPER AL-AKHBAR SAID THAT, "THE DECISION HAS GENERATED THE FIRST CLOUDS OF ANGER AND RESENTMENT SINCE THE PEACE INITIATIVE WAS LAUNCHED." THE COMMENTARY CONCLUDED, HOWEVER, THAT BOTH SIDES MUST CONCENTRATE ON ACHIEVING PROGRESS AT AUTONOMY NEGOTIATIONS AND NOT BE DIVERTED BY ISRAELI ATTEMPTS TO RAISE SIDE ISSUES.

10. (U) ISRAEL-EITAN AFFAIR: REUTER REPORTS THAT A NEW CASE ALLEGING THE MURDER OF ARAB CIVILIANS BY AN ISRAELI OFFICER HAS SURFACED. IT CAME TO LIGHT THROUGH A LETTER SENT TO DEFENSE MINISTER WEIZMAN, ACCORDING TO SEVERAL
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ISRAELI NEWSPAPERS. THE LETTER, WHICH IS SAID TO HAVE BEEN SIGNED BY 150 UNIVERSITY LECTURERS, CHARGED THAT IDF CHIEF OF STAFF EITAN HAD VOIDED THE SENTENCE OF A SENIOR ARMY OFFICER CONVICTED OF KILLING CIVILIANS DURING THE MARCH 1978 INVASION OF SOUTH LEBANON. THE SENTENCE WAS NOT GENERALLY KNOWN IN ISRAEL, THE LETTER SAID, BECAUSE EITAN HAD USED MILITARY CENSORSHIP TO PREVENT PUBLICATION OF THE NEWS. THIS REPORT FOLLOWS A CONTROVERSY ABOUT EITAN'S DECISION TO REDUCE THE SENTENCE OF LT. PINTO, WHO WAS CONVICTED OF KILLING FOUR CIVILIANS IN THE SAME OPERATION.

11. (U) BEGIN VOWS TO STRIKE TERRORISTS: JERUSALEM RADIO REPORTED SEPTEMBER 25 THAT WHILE ADDRESSING A CONFERENCE IN JERUSALEM, PRIME MINISTER BEGIN STATED THAT: "WHOEVER RECOGNIZES THE SO-CALLED PLO RECOGNIZES GENOCIDE." THE RADIO CORRESPONDENT SAID THAT DURING THE SPEECH BEGIN MADE IT CLEAR THAT ISRAEL WILL CONTINUE TO STRIKE AT THE "TERRORISTS."

12. (U) ISRAEL-SINAI SUPERVISION: HA'ARETZ MILITARY CORRESPONDENT ZE'EV SCHIFF WROTE SEPTEMBER 25 THAT: "THE IDF AUTHORITIES ARE PLEASED WITH THE TEMPORARY SINAI SUPERVISION AGREEMENT."

13. (C) ISRAEL-TORTURE ALLEGATIONS: EMBASSY TEL AVIV REPORTS THAT MINISTER OF JUSTICE TAMIR HAS GIVEN THEM THE IMPRESSION THAT HE HAD TAKEN A CASE IN WHICH TORTURE OF AN ARAB SUSPECT WAS ALLEGED WITH THE UTMOST SERIOUSNESS. TAMIR CLAIMED THAT THE ARAB'S CHARGES WERE GROSSLY EXAGGERATED, BUT HE SAID THERE WAS A KERNEL OF TRUTH TO THEM AND, THUS, THE INTERROGATOR IN THE CASE HAD BEEN REPRIMANDED AND TRANSFERRED. SHIN BETH WAS PUT ON NOTICE THAT SUCH INTERROGATION TECHNIQUES WOULD NOT BE TOLERATED, ACCORDING TO TAMIR. THE EMBASSY COMMENTS IT IS SIGNIFICANT THAT TAMIR IS INVITING CLOSE SCRUTINY OF HIS INVESTIGATION SINCE IT INDICATES THAT HE AND HIS ASSOCIATES HAVE MADE A REAL EFFORT TO GET AT THE TRUTH.

14. (U) ISRAEL-JACKSON VISIT: ACCORDING TO WIRE SERVICE REPORTS, REV. JACKSON FIRED UP A PALESTINIAN CROWD IN NABLUS TO "A SCREAMING PITCH" SEPTEMBER 26 WITH BLACK PRIDE CHANTS. THE ARABS LATER CARRIED HIM OFF ON THEIR SHOULDERS CHANTING JACKSON; ARAFAT' JACKSON SUPPORTED THE ESTABLISHMENT OF A PALESTINIAN HOMELAND BUT SAID THE WEST BANKERS SHOULD MODEL THEIR TACTICS AFTER THE CIVIL RIGHTS STRUGGLE IN THE US. EARLIER, VISITING THE YAD VASHEM MEMORIAL TO THE HOLOCAUST VICTIMS, JACKSON SAID THIS SHOULD NOT BE ALLOWED TO HAPPEN TO ANYONE INCLUDING THE PALESTINIANS. HE ALSO SAID HE WOULD URGE THE PLO TO RECOGNIZE ISRAEL.

JACKSON WAS CRITICIZED BY SEVERAL PROMINENT ISRAELIS FOR REFUSING TO MEET WITH LEBANESE RIGHTIST MILITIA COMMANDER SAAD HADDAD, ACCORDING TO REUTER. HE WAS ALSO CRITICIZED BY SHIMON PERES AND OTHER LABOR PARTY LEADERS FOR INTIMATING THAT BEGIN'S REFUSAL TO MEET HIM WAS A RACIST DECISION.

JACKSON PROCEEDED ON TO AMMAN. HE WILL LATER GO TO BEIRUT WHERE HE WILL MEET WITH ARAFAT.

15. (U) ISRAEL-INSUBORDINATION: REUTER REPORTED SEPTEMBER 25 THAT AN ISRAELI ARMY RESERVE OFFICER WAS SENTENCED TO JAIL FOR REFUSING TO SERVE IN THE OCCUPIED TERRITORIES. ACCORDING TO REUTER'S MILITARY SOURCES, IT WAS BELIEVED TO BE THE FIRST CASE OF ITS KIND. THE OFFICER SAID HE WOULD NOT SERVE "FOR POLITICAL REASONS."

16. (U) PLO-ISRAEL: ACCORDING TO REUTER, SEDKI AL DAJANI, WHO IS RESPONSIBLE FOR PLO PUBLIC RELATIONS IN EUROPE, TOLD A CONFERENCE ON PALESTINE RIGHTS IN ROME THAT THE PLO WAS READY TO CREATE A STATE IN A PART OF WHAT WAS FORMERLY PALESTINE. HE SAID THE ORGANIZATION WOULD BE READY TO TALK WITH ISRAEL "THE MORNING AFTER" IT TOOK POSSESSION OF A SMALL PARCEL OF TERRITORY. ASKED IF THAT WOULD MEAN RECOGNITION OF ISRAEL, HE REPLIED, "OBVIOUSLY IT IMPLIES SOMETHING OF THE SORT."

17. (C) SAUDI ARABIA-EGYPT-SUDAN: ISMAIL AL SHURA, FOREIGN MINISTRY DIRECTOR FOR ARAB AFFAIRS TOLD EMBASSY JIDDA SEPTEMBER 25, THAT THE SUDANESE HAD PRESSED PRINCE SAUD TO VISIT KHARTOUM BUT SINCE SAUD LEAVES FOR THE US SEPTEMBER 27, THERE WAS LITTLE TIME FOR HIM TO DO SO. SHURA SAID THAT THE SUBJECT OF TALKS WITH THE SUDANESE WOULD BE "BILATERAL RELATIONS" (READ: ECONOMIC ASSISTANCE).

SHURA DISMISSED SADAT'S INTERVIEW WITH OCTOBER MAGAZINE AS RUBBISH BUT SAID THAT IT WAS TOO BAD THAT IT CAME AT A TIME WHEN SAUDIS WERE TRYING TO PERSUADE OTHER ARABS TO MODERATE THEIR ATTITUDES TO EGYPT. HE ADDED THAT KING KHALID'S UPCOMING VISIT TO LIBYA WILL UNFORTUNATELY PROBABLY BE READ BY SADAT AS PROOF OF A SAUDI-LIBYAN PLOT AGAINST NIMEIRI AND THAT QADHAFI HAS SUCCEEDED IN EMBARRASSING THE KING.

18. (C) SAUDI ARABIA-OIL PRODUCTION LEVEL: EMBASSY JIDDA REPORTS THAT CROWN PRINCE FAHD SEPTEMBER 26 AUTHORIZED PRESIDENT CARTER TO ANNOUNCE THE CONTINUATION
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C O N F I D E N T I A L FINAL SECTION OF 03 STATE 295176/03

OF SAUDI OIL PRODUCTION OF 9.5 MBD FOR THE FOURTH QUARTER.
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S E C R E T SECTION 01 OF 03 STATE 267888/01

E.O. 12065 GDS 10/12/85 (GREENE, MYLES L.)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 015 - OCTOBER 12, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

1.(S) ISRAEL: CABINET DISARRAY: A CIA ANALYSIS INCLUDES THE FOLLOWING: RECENT DEFECTIONS FROM PRIME MINISTER BEGIN'S DOMINANT LIKUD BLOC HAVE REDUCED HIS PARLIAMENTARY MAJORITY TO ABOUT SIX SEATS IN THE 120-MEMBER KNESSET, A DROP OF 11 SEATS OVER THE PAST YEAR. BEGIN'S DWINDLING PARLIAMENTARY STRENGTH WILL ENCOURAGE THE GOVERNMENT PARTIES TO PRESS THE PRIME MINISTER FOR SUPPORT ON ISSUES OF SPECIAL INTEREST TO THEM, EXACERBATING COALITION TENSIONS AND TESTING BEGIN'S LEADERSHIP. THE COALITION PROBABLY WILL CONTINUE TO LIMP ALONG OVER THE NEAR TERM, BUT INTERNAL STRAINS AND PUBLIC CRITICISM OF THE GOVERNMENT'S PERFORMANCE--ESPECIALLY ITS DISASTROUS ECONOMIC RECORD--ARE LIKELY TO INTENSIFY. BEGIN COULD WELL LOSE THE NATIONAL ELECTION IN 1981.

2. (S) DESPITE REAL ECONOMIC GROWTH APPROACHING 4 TO 5 PERCENT THIS YEAR, ISRAEL IS BESET BY SERIOUS ECONOMIC DIFFICULTIES. INFLATION IS THE MOST INTRACTABLE PROBLEM, WITH CONSUMER PRICES NEARING AN ANNUAL RATE OF ALMOST 120 PERCENT. THE BALANCE OF PAYMENTS--OVER 1 BILLION DOLLARS IN SURPLUS LAST YEAR--IS LIKELY TO WEAKEN AND UNLESS PRESENT POLICIES ARE CHANGED ISRAEL COULD EASILY RUN A DEFICIT OF AROUND 700 MILLION DOLLARS BY 1981.

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3. (S) PUBLIC CRITICISM HAS FOCUSED ON FINANCE MINISTER SIMCHA ERLICH AND HIS COLLEAGUES IN THE LIBERAL PARTY CONTINGENT OF LIKUD, WHICH HOLDS MOST KEY ECONOMIC MINISTRIES. THE PUBLIC'S CRITICISM IN TURN HAS FUELED HIGHLY PUBLICIZED POLICY DISPUTES BETWEEN THE LIBERALS AND FIGURES IN BEGIN'S HERUT PARTY, THE SENIOR MEMBER OF LIKUD, THUS REINFORCING THE PUBLIC'S PERCEPTION OF GOVERNMENT DISARRAY.

4. (S) ERLICH HAS BECOME SUCH A LIABILITY--HIS POPULARITY HAS FALLEN BELOW 10 PERCENT IN THE POLLS--THAT BEGIN PROBABLY WILL BE COMPELLED TO REPLACE HIM AND TO RESHUFFLE OTHER KEY ECONOMIC PORTFOLIOS. IN AN EFFORT TO SALVAGE A MEASURE OF THEIR PARTY'S BROKING CREDIBILITY, LIBERAL LEADERS REPORTEDLY HAVE GAINED ERLICH'S AGREEMENT TO SUBMIT TO BEGIN LATER THIS FALL A PLAN FOR A CABINET REORGANIZATION PLAN IN WHICH ERLICH WOULD NO LONGER HOLD THE FINANCE PORTFOLIO.

5. SUCH A REORGANIZATION ALMOST CERTAINLY WOULD SPARK INCREASED TENSION AND JOCKEYING FOR POSITION AMONG THE COALITION PARTIES IF, AS SEEMS LIKELY, THE RESHUFFLE INVOLVED SEVERAL MINISTRIES AND IF BEGIN APPOINTED A FIGURE FROM OUTSIDE THE LIBERAL PARTY TO FILL ERLICH'S POST. BEGIN'S PRELIMINARY FAVORITE IS SAID TO BE YIGAEL YADIN, A FORMER MINISTER FROM THE SMALL, RIGHTWING LAAM CONTINGENT OF LIKUD AND AN OUTSPOKEN ERLICH CRITIC.

6. THE PROLONGED ABSENCE OF CREDIBLE GOVERNMENT ACTION ON THE ECONOMY THREATENS TO ALIENATE LOWER-INCOME SEPHARDIC JEWS, WHOSE SUPPORT WAS INSTRUMENTAL IN PUTTING BEGIN OVER THE TOP IN THE ELECTION IN 1977. UNCROSSED INFLATION ALREADY HAS COST BEGIN SOME SEPHARDIC VOTES AND IS CERTAIN TO HAND THE LABOR OPPOSITION A MAJOR LEAD WHEN SERIOUS CAMPAIGNING BEGINS ABOUT A YEAR FROM NOW.

7. (S) BEGIN'S ADHERENCE TO A RIGID NEGOTIATING STRATEGY AIMED AT ENSURING ISRAEL'S CONTROL OVER THE WEST BANK WILL CONTINUE TO BE THE MAJOR ISSUE DETERMINING THE LOYALTY OF KEY COALITION HARDLINERS. AGRICULTURE MINISTER SHARON, A MEMBER OF HERUT, AND ULTRAHARDLINE LEADERS OF THE NATIONAL RELIGIOUS PARTY, WITHOUT WHOSE SUPPORT BEGIN'S GOVERNMENT WOULD FALL, WOULD BE CERTAIN TO INSERT THE PRIME MINISTER IF HE MADE MAJOR CONCESSIONS ON:

(A) PALESTINIAN AUTONOMY ARRANGEMENTS.

(B) THE ROLE OF THE PALESTINE LIBERATION

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ORGANIZATION IN THE NEGOTIATION PROCESS.

(C) JEWISH SETTLEMENT ACTIVITY.

(D) ISRAELI MILITARY WITHDRAWAL FROM THE WEST BANK.

B. (S) BEGIN IN THE PAST WAS DEMONSTRATED A GOOD SENSE OF THE CONSERVATIVES' BOTTOM-LINE ON NEGOTIATIONS ISSUES, WHICH LARGELY DOVETAILS WITH HIS OWN VIEWS. THE PAUCITY OF INFLUENTIAL MODERATES IN THE CABINET AND BEGIN'S CONVICTION THAT EGYPTIAN PRESIDENT SADAT WILL ACCEPT FAR LESS THAN THE PALESTINIANS' PROFESSED MINIMUM ON AUTONOMY ISSUES CONTINUE TO REINFORCE HIS DETERMINATION NOT TO MAKE CONCESSIONS ON CRUCIAL SOVEREIGNTY-RELATED MATTERS.

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2. (S) SOME LEADERS OF THE ORTHODOX AGUDAT ISRAEL PARTY, WHICH HOLDS FOUR SEATS IN PARLIAMENT, HAVE THREATENED TO QUIT THE COALITION UNLESS BEGIN FOLLOWS THROUGH SOON ON HIS PROMISE TO SECURE LEGISLATION OUTLAWING ABORTIONS ON DEMAND. IF PRESSED, THIS DEMAND IS CERTAIN TO STRAIN THE TOLERANCE OF LIKUD'S LIBERALS AND THE DEMOCRATIC MOVEMENT, TWO LEADING SECULAR MEMBERS OF THE COALITION. BEGIN NONETHELESS PROBABLY REMAINS CONFIDENT OF HIS ABILITY TO KEEP SECULARIST COUNTER PRESSURE WITHIN TOLERABLE LIMITS.

10. (S) AGUDAT ISRAEL MAY NOT WITHDRAW ITS SUPPORT EVEN IF ANTIABORTION LEGISLATION IS DELAYED. PARTY LEADERS REPORTEDLY ARE DIVIDED OVER THE WISDOM OF ABANDONING THEIR IMPORTANT PATRONAGE POSITIONS, WHICH INCLUDE A DEPUTY KNESSET SPEAKERSHIP AND TWO IMPORTANT KNESSET COMMITTEE CHAIRMANSHIPS. IF THE PARTY DOES WITHDRAW, BEGIN'S COALITION WOULD RETAIN A RAZOR-THIN MAJORITY.

11. (S) LABOR'S GROWING APPEAL IS DUE PRIMARILY TO THE RETURN OF ERSTWHILE LABOR SUPPORTERS FROM DEPUTY PRIME MINISTER YADIN'S FOUNDERING DEMOCRATIC MOVEMENT AND TO A LESSER EXTENT TO PUBLIC DISCONTENT WITH THE BEGIN GOVERNMENT. IF SUSTAINED, LABOR'S GAINS WILL ENABLE THE PARTY TO OFFER BEGIN STIFF COMPETITION IN THE ELECTION IN 1981.

12. (S) A SIZABLE PERCENTAGE OF VOTERS REMAINS UNDECLARED AND AT THIS POINT PROBABLY IS SKEPTICAL THAT LABOR COULD ESTABLISH AND MAINTAIN A MORE EFFECTIVE COALITION. GAINING SIGNIFICANT SUPPORT FROM THIS GROUP--OVER A THIRD OF THE VOTING POPULATION--WILL BE CRUCIAL TO LABOR'S PROSPECTS.

13. (S) LABOR HAS MADE SOME PROGRESS IN REVAMPING ITS

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INTERNAL ORGANIZATION. THE MERGER OF TWO MAJOR LABOR-AFFILIATED KIBBUTZ GROUPS AND THE GROWING INFLUENCE OF KIBBUTZ LEADERS SHOULD IMPART A MORE ACTIVIST IMAGE TO THE PARTY. A YOUNGER GENERATION OF POLITICALLY ATTRACTIVE FIGURES IS BEGINNING TO MOVE INTO POSITIONS OF INFLUENCE IN LABOR BODIES.

14. (S) CONTINUING FACTIONAL AND PERSONAL RIVALRIES AND A SENIOR LEADERSHIP THAT MANY VOTERS ASSOCIATE WITH THE SCANDALS THAT PAVED THE WAY TO LABOR'S DEFEAT IN 1977 NEVERTHELESS COULD UNDERMINE THE PARTY'S RECOVERY. THE NOTORIOUS RIVALRY BETWEEN LABOR CHAIRMAN SHIMON PERES AND FORMER LABOR PRIME MINISTER YITZHAK RABIN--RECENTLY HIGHLIGHTED BY THE PUBLICATION OF RABIN'S VISCERALLY ANTI-PERES MEMOIRS--AND A GROWING CHALLENGE TO PERES BY FORMER FOREIGN MINISTER YIGAL ALLON DOUBTLESS HAVE CONVINCED SOME VOTERS THAT LABOR REMAINS UNABLE TO REFORM ITSELF. LABOR, MOREOVER, CONTINUES TO HAVE PROBLEMS GENERATING IDEOLOGICAL APPEAL TO HAWKISH-MINDED SEPHARDICS AND OTHER LOWER-INCOME URBAN GROUPS, WHO CONSTITUTE OVER HALF OF THE ELECTORATE.

15. (U) WEST BANK LAND SEIZURE: RADIO JERUSALEM REPORTS THAT THE GUSH EMUNIM SETTLERS WHO SEIZED AN OLIVE GROVE NEAR THEIR SETTLEMENT AT QADDUMI WILLINGLY EVACUATED THE AREA LATE ON OCTOBER 16. THE ISRAELI DEFENSE FORCE WAS DISMANTLED THE BUILDINGS ERECTED BY THE SETTLERS IN THE OLIVE GROVE.

16. (U) ISRAEL-EHRLICH: THE JERUSALEM POST REPORTED THAT NEXT WEEK BEGIN WILL BEGIN DISCUSSIONS WITH HIS COALITION PARTNERS CONCERNING A CABINET RESHUFFLE. HIS DECISION TO MOVE ON THIS ISSUE FOLLOWS TALKS THAT HE HAD ON OCTOBER 10 WITH FINANCE MINISTER EHRLICH WHOSE POST IS AT THE CENTER OF THE CABINET REORGANIZATION CONTROVERSY. THE JERUSALEM POST FELT THAT EHRLICH WILL CERTAINLY RETAIN A SENIOR CABINET POST IN THE RESHUFFLE. RADIO JERUSALEM SAID OCTOBER 11 THAT EHRLICH WAS ASKING FOR A PERSONAL VOTE OF CONFIDENCE FROM HIS OWN LIBERAL PARTY BECAUSE HE WAS CONVINCED THAT THE PARTY WOULD SUPPORT HIM.

17. (U) VIENNESE PEACE PRIZES: REUTER REPORTS THAT ARYE ELIAV, FORMER MK AND A LEADING ISRAELI LEFTWINGER, AND ISSAM SARTAVI, A MEMBER OF THE PLO AND A CLOSE CONFIDAN OF ARAFAT, WILL BE AWARDED PEACE PRIZES IN VIENNA ON OCTOBER 19, BY CHANCELLOR KREISKY FOR THEIR EFFORTS TO FIND A PEACEFUL SOLUTION TO THE MIDDLE EAST CONFLICT.

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18. (U) IRAQ-BAHRAIN: RADIO BAGHDAD REPORTS THAT BAHRAINI PRIME MINISTER KHALIFA SAID ON OCTOBER 9, AFTER MEETING WITH IRAQI PRESIDENT SADDAM HUSSEIN, THAT IRAQ AND BAHRAIN "ARE AGREED IN THEIR VIEWS ON GULF ISSUES." KHALIFA ADDED THAT THE CONCEPT OF PERSIAN GULF SECURITY HELD BY IRAQ AND BAHRAIN IS NOT LIMITED TO THE PROTECTION OF SHIPPING, BUT ALSO INCLUDES THE PROTECTION OF PERSIAN GULF STATES AGAINST "FOREIGN INTERVENTION."

19. (C) SUDAN-SAUDI ARABIA: EMBASSY KHARTOUM REPORTS THAT THERE ARE "REASONABLY FIRM INDICATIONS" THAT SAUDI ARABIA IS PREPARED TO PROVIDE THE SUDAN WITH A 200 MILLION DOLLAR MILITARY ASSISTANCE PACKAGE. (THIS APPEARS TO CONFIRM SAUDI DENIALS OF EGYPTIAN CHARGES THAT THE SAUDIS HA

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* U.S. GOVERNMENT PRINTING OFFICE: 1977-225-323

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HAVE BEEN "PLOTTING" AGAINST THE SUDAN.)

20. (U) ISRAEL-PLO: REUTER REPORTS THAT THE ISRAELI MILITARY GOVERNMENT ON THE WEST BANK HAS OUTLAWED A PALESTINIAN COMMITTEE WHICH WAS FORMED AFTER THE CAMP DAVID MEETINGS TO COORDINATE LOCAL ARAB RESISTANCE TO THE IMPLEMENTATION OF AUTONOMY. THE GROUP WAS OUTLAWED AFTER THE ISRAELIS DISCOVERED THAT IT WAS THE PLO'S EXECUTIVE ORGANIZATION IN THE WEST BANK.

21. (U) JERUSALEM-HUNGER STRIKE: ACCORDING TO REUTER, THE WIVES OF ARAB PRISONERS IN A BEERSHEBA JAIL STAGED A HUNGER STRIKE OCTOBER 11 OUTSIDE THE OFFICES OF THE INTERNATIONAL RED CROSS IN JERUSALEM TO PROTEST WHAT THEY TERMED THE ILL-TREATMENT OF THEIR HUSBANDS. THE MINISTRY OF THE INTERIOR SAID THE COMPLAINTS HAD BEEN INVESTIGATED AND FOUND TO BE FALSE.

22. (U) LEBANON-OVERFLIGHTS: AP REPORTED THAT HIGHLY PLACED PALESTINIAN SOURCES CLAIMED THAT SYRIAN AND ISRAELI AIRCRAFT EXCHANGED FIRE OCTOBER 11 OVER SOUTHERN LEBANON, BUT THAT NO AIRCRAFT WERE LOST BY EITHER SIDE. JERUSALEM RADIO ANNOUNCED THAT THE ISRAELI DEFENSE FORCE HAD DENIED REPORTS THAT A CLASH HAD TAKEN PLACE. VANCE

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S E C R E T SECTION 01 OF 03 STATE 269260/01

E.O. 12065 3DS 10/15/85 (MONTVILLE, JOSEPH V.)

TAGS: SG, IS, PINR

SUBJECT: INTSUM 916 - OCTOBER 15, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

(PARAGRAPHS 1-12 CONFIDENTIAL)

1. ISRAEL: TENSIONS IN THE COALITION OVER THE SETTLEMENT ISSUE: THE ISSUE OF WEST BANK SETTLEMENT POLICY HAS LONG BEEN A SOURCE OF SERIOUS TENSIONS WITHIN THE COALITION. [illegible] IN THE CABINET BOTH OF HAWKS, COMMITTED TO [illegible]TS THROUGHOUT THE DENSELY POPULATED PORTIONS OF [illegible] BANK, AND OF RELATIVELY DOVISH ELEMENTS, OPPOSED TO SETTLEMENT IN THE "HEARTLAND OF SAMARIA," HAS LED TO PERIODIC AND BITTER RECRIMINATIONS. SHARON HAS SPEARHEADED THE HAWKISH DRIVE, RECEIVING CRUCIAL SUPPORT FROM MINISTER [illegible]UMER OF THE NATIONAL RELIGIOUS PARTY (NRP). DAYAN AND [illegible]SIMAN HAVE LED THE EFFORT TO REDUCE THE PACE, SCOPE, AND OSTENTATION OF WEST BANK SETTLEMENT ACTIVITIES.

2. THE LATEST CONTROVERSY CENTERS ON PROPOSALS FOR [illegible] QUISITIONING PRIVATELY OWNED ARAB LAND IN THE WEST BAN IN ORDER TO PROVIDE EXISTING SETTLEMENTS WITH "BREATHING SPACE." SETTLEMENT ACTIVISTS OF THE GUSH EMUNIM HAVE TAKEN UNAUTHORIZED STEPS TO EXPAND THE LANDHOLDINGS.

3. [illegible] TRYING TO FIND THE PROPER RESPONSE TO MOUNTING [illegible] INSPIRED PRESSURES, THE CABINET FINDS ITSELF CAUGHT [illegible] FOREIGN POLICY (US AND INTERNATIONAL) CONSIDERA-

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TIONS ON THE ONE HAND AND POWERFUL DOMESTIC POLITICAL FORCES ON THE OTHER. DAYAN AND WEIZMAN ARE INCLINED TO OPPOSE THE DEMANDS OF THE SETTLERS, BUT BEGIN REMAINS A MAN DIVIDED AGAINST HIMSELF. HE HAS A COMMITMENT TO A GREATER ISRAEL, YET HE WANTS ALSO TO BECOME ISRAEL'S PEACEMAKER. PERHAPS THE MOST DETERMINING CONSIDERATION, HOWEVER, IS HIS ANALYSIS OF THE DOMESTIC POLITICAL IMPLICATIONS OF A WEST BANK SETTLEMENT POLICY LESS CONGENIAL TO GUSH EMUNIM.

4. ALL MAJOR DECISIONS OF THE BEGIN GOVERNMENT ARE BEING MADE WITH AN EYE TO THE DECLINING POLITICAL STRENGTH OF THE COALITION. THE STEEP DROP IN BEGIN'S PUBLIC STANDING AND THE IMPRESSIVE INCREASE IN LABOR'S STRENGTH PORTEND DEFEAT FOR THE LIKUD IN THE NEXT ELECTION. BEGIN IS EXTREMELY SENSITIVE TO THE NEED TO ACCOMMODATE THOSE WHO COULD BRING HIS GOVERNMENT DOWN.

5. THE LEVERAGE OF THE NRP HAS BEEN ENHANCED BY THE RECENT ESTABLISHMENT OF THE ULTRA-NATIONALIST TEHIYA (REVIVAL) PARTY, WHICH WILL HAVE CONSIDERABLE APPEAL TO HAWKS WITHIN BOTH THE NRP AND THE LIKUD. THE PRESSURE FROM TEHIYA WILL PREVENT HAMMER FROM WANDERING FROM THE HAWKISH PATH.

6. NRP PRESSURE ON BEGIN IS EFFECTIVE BECAUSE THE NRP HAS THE ABILITY TO BRING THE GOVERNMENT DOWN, AND THEREFORE AN NRP THREAT TO DO SO IS CREDIBLE. LEADERS OF THE NRP'S YOUTH FACTION HAVE INDICATED THAT THEY WILL CONTEMPLATE A RETURN TO THE "HISTORIC PARTNERSHIP" WITH LABOR IN PREFERENCE TO A BEGIN "SELL-OUT" ON THE WEST BANK.

7. CONVERSELY, THE LEVERAGE OF THE DOVISH ELEMENTS IN THE COALITION IS WEAK. YADIN'S PARTY WOULD BE UNLIKELY TO LEAVE IT, DESPITE OCCASIONAL THREATS TO DO SO. YADIN AND HIS COLLEAGUES REALIZE THAT THE FALL OF THE CABINET AND NEW ELECTIONS WOULD ASSURE THEIR OWN POLITICAL OBLIVION.

8. THE LIBERAL PARTY, WHICH CONTAINS A SIGNIFICANT DOVISH ELEMENT, WOULD BE LOATH TO BRING THE GOVERNMENT DOWN. SUCH AN ACT WOULD TERMINATE THE LIBERALS' 14-YEAR ALLIANCE WITH HERUT AND WOULD HEAVY ELECTION LOSSES AND POSSIBLY CONSIGN THE POLITICAL PRINCE. THE LIBERALS ARE DEEPLY CONCERNED ABOUT THE NEGATIVE IMPACT OF SHARON'S SETTLEMENT SHENANIGANS ON US PUBLIC OPINION, BUT THEY HAVE LITTLE INFLUENCE WITH BEGIN ON THIS ISSUE.

9. THE ULTRA-ORTHODOX AGUDAT YISRAEL IS IN THE MAIN A

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DOVISH PARTY, BUT IT REDEEMS THE POLITICAL I.O.U.S. THAT IT HOLDS FOR CONCESSIONS ON RELIGIOUS ISSUES OF [illegible] TO IT.

18. FOR THE ABOVE REASONS, THE BEHAVIOR OF THE BEGIN GOVERNMENT ON THE SETTLEMENT ISSUE IS UNLIKELY TO CHANGE IN THE FORESEEABLE FUTURE. ONLY A LABOR PARTY DECISION TO ESTABLISH A NATIONAL UNITY GOVERNMENT WITH THE LIKUD COULD FREE BEGIN FROM THE CONSTRAINTS THAT THE NRP CONTINUES TO IMPOSE. IN THE ABSENCE OF SUCH A DECISION, THE BEGIN ADMINISTRATION'S SETTLEMENT POLICY WILL CONTINUE TO BE GOVERNED BY THE LIMITS IMPOSED LARGELY BY THE NRP.

19. (U) EGYPT-ISRAEL: BUTROS GHALI TOLD A FRENCH PRESS GROUP ON OCTOBER 11 THAT, EVEN IF NEGOTIATIONS ON ST
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* U.S. GOVERNMENT PRINTING OFFICE: 1977-223-321

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PALESTINIAN AUTONOMY FAIL, HE DOES NOT BELIEVE THAT THERE WILL BE FURTHER HOSTILITIES BETWEEN EGYPT AND ISRAEL. HE SAID THAT THE TREATY WILL BE HONORED, AND "ON FEBRUARY 25, THERE WILL BE AN EGYPTIAN AMBASSADOR IN TEL AVIV." THE CAIRO PRESS FEATURED HIGHLIGHTS OF HIS SPEECH WHICH INCLUDED DEMANDS ON ISRAEL TO

(A) HALT SETTLEMENT ACTIVITIES IN OCCUPIED TERRITORIES;

(B) PROHIBIT JEWISH PURCHASE OF ARAB LAND;

(C) GRANT GENERAL AMNESTY TO POLITICAL DETAINEES; AND

(D) TRANSFER ISRAELI MILITARY OUT OF ARAB CITIES.

10. (C) SADAT-MARTIAL LAW: EMBASSY CAIRO REPORTS THAT THE LOCAL PRESS OCTOBER 11 WAS DOMINATED BY REPORTS OF SADAT'S SPEECHES TO THE JUDICIARY IN WHICH HE PLEDGED TO ABOLISH MARTIAL LAW AS SOON AS ISRAEL HAS WITHDRAWN FROM SINAI; HE MAINTAINED, HOWEVER, THAT MARTIAL LAW HAD IN FACT NEVER BEEN APPLIED. SADAT ALSO OUTLINED HIS PLANS TO REINVIGORATE THE ROLE OF SOCIALIST PROSECUTOR TO DEAL WITH THOSE WHO ARE "EXPEDITING DEMOCRACY."

THE EMBASSY COMMENTS THAT THE ABOLITION OF MARTIAL LAW HAS BEEN REPEATEDLY DEMANDED BY SADAT'S CRITICS AND OTHERS SINCE THE SIGNING OF THE PEACE TREATY. IN HIS COMMENTS SADAT HAS DELAYED THE ABOLITION FOR ANOTHER TWO YEARS. MORE DISQUIETING TO THE EMBASSY IS SADAT'S APPARENT INTENT TO GIVE TEETH TO THE JOB OF SOCIALIST PROSECUTOR BY PERMITTING HIM TO FUNCTION ENTIRELY OUTSIDE THE FORMAL JUDICIAL STRUCTURE, WITH POLITICAL CASES TRIED BEFORE SPECIAL COURTS AND APPEALS REFERRED TO A PARLIAMENT IN WHICH SADAT'S PARTY ENJOYS A MASSIVE

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MAJORITY.

13. (C) NEW ISRAELI PARTY: EMBASSY TEL AVIV HAS LEARNED THAT THE OBJECTIVES OF THE NE FAR-RIGHT TEHIYA PARTY WILL INCLUDE A HALT IN THE ISRAELI WITHDRAWAL FROM SINAI; ABANDONMENT OF AUTONOMY; IMMEDIATE ANNEXATION OF THE WEST BANK, THE GOLAN HEIGHTS, AND THE GAZA STRIP; A REVISION OF THE ISRAELI-EGYPTIAN PEACE TREATY. POLLS INDICATE THAT TEHIYA CAN EXPECT TO WIN 4 TO 5 KNESSET SEATS IN A GENERAL ELECTION.

14. (U) BOMB EXPLODES NEAR JERUSALEM: REUTER REPORTS THAT A TIME BOMB EXPLODED EARLY OCTOBER 12 IN A WOODED AREA NEAR UN HEADQUARTERS IN JERUSALEM BUT CAUSED NO CASUALTIES OR DAMAGE. ISRAELI POLICE SAID THAT THE BOMB APPEARED TO HAVE BEEN SET BY ARAB GUERRILLAS.

15. (U) WEST BANK SETTLEMENTS EXPANSION: RADIO JERUSALEM REPORTED OCTOBER 13 THAT THE ISRAELI CABINET VOTED TO EXPAND SEVEN SETTLEMENTS IN THE WEST BANK. THE LAND TO BE USED FOR THE EXPANSION WILL INCLUDE GOVERNMENT LAND AND "LANDS WHOSE REGISTRATION HAS NOT YET BEEN FINALIZED IN THE LAND REGISTER," ALTHOUGH THE CABINET REJECTED DEMANDS BY SETTLERS TO SEIZE PRIVATE ARAB PROPERTY.

16. (U) SINAI WITHDRAWAL: ACCORDING TO RADIO CAIRO, ON OCTOBER 13 THE EGYPTIAN CABINET APPROVED THE AGREEMENT ON THE TASKS OF THE UNEF DURING THE ISRAELI WITHDRAWAL FROM SINAI.

17. (LOU) SHARON TO VISIT EGYPT: EMBASSY CAIRO HAS BEEN INFORMED BY EGYPTIAN MINISTER OF AGRICULTURE MAHMOUD DAWOOD THAT ISRAELI MINISTER OF AGRICULTURE SHARON HAS ACCEPTED HIS INVITATION TO VISIT EGYPT AND WILL ARRIVE ON OCTOBER 16. THE TWO MINISTERS WILL DISCUSS COOPERATION IN LAND RECLAMATION AND SETTLEMENT.

18. (U) ARAB SUMMIT CONFERENCE: REUTER REPORTS THAT LEBANESE PREMIER AL-HUSS ANNOUNCED OCTOBER 11 THAT AN ARAB SUMMIT CONFERENCE DEALING PRIMARILY WITH SOUTHERN LEBANON WILL BE HELD IN TUNIS ON NOVEMBER 20. AL HUSS SAID THE AGREEMENT WAS REACHED THROUGH SAUDI CONTACTS WITH TUNISIAN LEADERS. ALL ARAB LEAGUE COUNTRIES EXCEPT EGYPT ARE EXPECTED TO ATTEND.

19. (U) JORDANIAN PRESS REACTION: THE WEEKEND EDITION OF [illegible] PRAISED BRITISH MINISTER HURD'S CONDEMNATION OF [illegible]'S SETTLEMENT POLICY DURING HIS MEETING WITH

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PRINCE HASSAN. AR-RA'Y HEADLINED THE NEW PEACE PROPOSALS SUGGESTED BY LORD CARADON WHICH INCLUDE:

(A) DIVIDING JERUSALEM INTO TWO PARTS, ONE RULED BY THE ARABS THE OTHER BY THE ISRAELIS;

(B) APPOINTING A UN BORDER COMMITTEE; AND

(C) AMENDING THE 1967 BORDERS.

20. (U) EC-PLO: RADIO BRUSSELS REPORTS THAT A SPOKESMAN FOR THE EC COMMISSION HAS DENIED ANNOUNCEMENTS THAT COMMUNITY REPRESENTATIVES WILL MEET WITH FAROUQ QADDOMI DURING HIS STAY IN BRUSSELS.

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* U.S. GOVERNMENT PRINTING OFFICE 1977—224-323

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S E C R E T FINAL SECTION OF 03 STATE 269260/03

(C) BUT EMBASSY BRUSSELS COMMENTS THAT THE RECENT SPEECH OF EC PRESIDENT O'KENNEDY DOES INDICATE THAT THE COMMUNITY IS SLOWLY EDGING TOWARD RECOGNITION OF THE PLO.

21. (C) PRC-CAMP DAVID ACCORDS: CHINA "REJECTS" THE CAMP DAVID ACCORDS BECAUSE THEY DO NOT PROVIDE FOR A COMPREHENSIVE PEACE SETTLEMENT, ACCORDING TO THE CHINESE AMBASSADOR IN KUWAIT. THE STATEMENT, QUOTED BY THE KUWAITI NEWS SERVICE, IS SURPRISING AS BEIJING HAS UNTIL NOW PROVIDED TACIT SUPPORT FOR CAMP DAVID, ALTHOUGH CRITICIZING THE ACCORDS AS INCOMPLETE. IF THIS EARSHER CHINESE STATEMENT IS NOT A MISCUE, IT COULD BE ONE MORE REFLECTION OF A RECENT, MORE PESSIMISTIC CHINESE VIEW REGARDING THE SUCCESS POTENTIAL OF THE US-INSPIRED PEACE EFFORT.

THE AMBASSADOR REFUSED, HOWEVER, TO BACK DOWN ON STRONG CHINESE SUPPORT FOR CAIRO. THERE IS NO LINK, HE SAID, BETWEEN THE PALESTINE QUESTION AND CHINESE ARMS SUPPLY TO EGYPT WHICH TAKES PLACE ON A COMMERCIAL BASIS. [illegible] APPEARS TO BE THE FIRST PUBLIC CHINESE ADMISSION THAT THE PRC IS SELLING ARMS TO EGYPT. BEIJING WAS EMBARRASSED BY, AND REFUSED TO CONFIRM, JUNE PRESS REPORTS OF ITS ARMS DEALS WITH CAIRO.

22. (LOU) PLO-CEASEFIRE: EMBASSY BEIRUT REPORTS THAT THE PLO IS TRYING TO CLARIFY ITS POSITION IN THE WAKE OF CONFUSION OVER THE PLO'S POSITION FOLLOWING REV. JESSE JACKSON'S VISIT TO LEBANON. A LEBANESE NEWSPAPER SAID THIS WEEK THAT A NEW PLO DIRECTIVE STATES THAT THE PLO'S RECENT "UNILATERAL" CEASEFIRE IN SOUTHERN LEBANON IS MERELY A REAFFIRMATION OF AN ALREADY EXISTING SITUATION. THE DIRECTIVE ALSO SAID THAT THE JACKSON VISIT DID NOT CHANGE THE PLO'S BASIC STRATEGY OF CONTINUING THE ARMED

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STRUGGLE UNTIL PALESTINIAN RIGHTS HAD BEEN REESTABLISHED.

23. (U) FAUNTROY-ARAFAT: REP. FAUNTROY HAS WITHDRAWN HIS INVITATION TO ARAFAT TO VISIT THE US. AP REPORTS THAT FAUNTROY SAID HE WITHDREW THE INVITATION BECAUSE THE PLO HAD REJECTED THE PEACE PLAN PROPOSED BY LEADERS OF THE SCLC.

24. (U) PLO-IRAN: REUTER REPORTS THAT A SENIOR MEMBER OF FATAH INVITED ABOLHASSAN BANI SADR A LEADING MEMBER OF IRAN'S REVOLUTIONARY COUNCIL TO VISIT SOUTH LEBANON, ACCORDING TO PALESTINIAN SOURCES. BANI SADR SAID HE WAS RESPONSIBLE FOR ASSESSING THE NEED FOR IRANIAN ASSISTANCE TO THE PALESTINIAN REVOLUTION.

25. (C) IRAQ-PDRY: US INTERESTS SECTION, BAGHDAD, REPORTS THAT IRAQ AND PDRY HAVE SUCCESFULLY NEGOTIATED THE REOPENING OF THEIR DIPLOMATIC MISSIONS IN BAGHDAD AND ADEN, FOLLOWING THE RELEASE OF PRISONERS TAKEN IN LAST JUNE'S CONTRETEMPS OVER THE MURDER OF AN IRAQI PROFESSOR IN ADEN. ACCORDING TO A IRAQI DIPLOMAT, THE AGREEMENT TO NORMALIZE RELATIONS WAS PREDICATED ON THE ASSIGNMENT OF COMPLETELY NEW STAFFS TO BOTH MISSIONS.

26. (S) ISRAELI AIR FORCE: OUR DEFENSE ATTACHE IN TEL AVIV BELIEVES THAT THE ISRAELI AIR FORCE MAY BEGIN FLYING THEIR F-15S IN COMBAT AIR PATROLS OFF THE COAST AND ESCORTING RECONNAISSANCE FLIGHTS WITH OTHER FIGHTERS. THIS ACTION MAY BE CAUSED BY THEIR FEAR OF LOSING F-15S AND THEIR DESIRE TO GIVE F-4, MIRAGE, AND OTHER PILOTS AN OPPORTUNITY TO PARTICIPATE IN A DOGFIGHT, THE DEFENSE ATTACHE COMMENTS.

27. (C) SYRIAN TROOP ROTATION: WESTERN MILITARY OFFICERS REPORT THAT THE SYRIAN 7TH MECHANIZED INFANTRY DIVISION IS REPLACING 5TH DIVISION UNITS IN LEBANON, INDICATING THAT A COMPLETE DIVISIONAL ROTATION IS UNDERWAY. ACCORDING TO DEFENSE ATTACHE DAMASCUS, THIS IS A NORMAL ROTATION.

28. (LOU) PHALANGIST HOSTAGES: EMBASSY BEIRUT REPORTS THAT ACCORDING TO SOURCES IN THE LEBANESE ARMY SEVERAL HOSTAGES ARE STILL BEING HELD BY FRANJIEH'S FORCES DESPITE HIS RELEASE OF 160 PRISONERS LAST WEEK IN RESPONSE TO THE POPE'S REQUEST. THESE SOURCES AND THE LEBANESE PRESS ALSO INDICATE THAT PHALANGISTS ARE STILL HOLDING 25 HOSTAGES AND ARE DEMANDING CERTAIN CONDITIONS FOR THEIR RELEASE, INCLUDING:

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(A) RETURN OF PRO-PHALANGIST INHABITANTS TO THEIR HOMES IN NORTHERN LEBANON;

(B) RELEASE OF PHALANGISTS ARRESTED BY SYRIA AFTER THE KILLING OF FRANJIEH'S RELATIVES; AND

(C) REPLACEMENT OF SYRIAN MILITARY WITH LEBANESE MILITARY IN THE NORTH. VANCE

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* U.S. GOVERNMENT PRINTING OFFICE: 1977—225-323

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S E C R E T SECTION 01 OF 03 STATE 270491/01

E.O. 12065 GDS 10/16/85 (MONTVILLE, JOSEPH V.)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 917 - OCTOBER 16, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOL/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

(PARAGRAPHS 1-8 CONFIDENTIAL)

1. ISRAEL: STATE OF THE LABOR PARTY: IN THE MONTHS SINCE THE LABOR PARTY SUFFERED ITS SHATTERING DEFEAT IN THE LAST GENERAL ELECTION (MAY 1977), ITS STANDING IN THE PUBLIC OPINION POLLS HAS BEEN RISING. THE MOST RECENT POLLS SHOW IT AHEAD OF LIKUD BY A SUBSTANTIAL MARGIN. UNLESS BEGIN IS ABLE TO REVERSE THIS TREND, LABOR WILL PROBABLY WIN THE NEXT ELECTION AND ONCE AGAIN BECOME THE CENTER OF A COALITION GOVERNMENT.

2. LABOR'S GAIN IN PUBLIC ESTEEM IS DUE LESS TO THE GROWTH OF ITS APPEAL THAN TO THE POOR PERFORMANCE OF THE LIKUD-LED GOVERNMENT AND LIKUD'S COALITION PARTNER, YADIN'S DEMOCRATIC MOVEMENT. INDEED, RECENT POLLS INDICATE THAT BOTH COMPONENTS OF YADIN'S ORIGINAL DEMOCRATIC MOVEMENT FOR CHANGE (DMC) WILL BE VIRTUALLY ANNIHILATED IN THE NEXT ELECTION. THE INEFFECTIVENESS OF YADIN AND THE DEMOCRATIC MOVEMENT HAVE CONVINCED THOSE EX-LABORITES WHO LEFT LABOR FOR THE DMC THAT THE ONLY WAY TO ACHIEVE CHANGE IS BY RETURNING TO AND WORKING THROUGH LABOR.

3. THE BIGGEST PLUS FOR LABOR HAS BEEN THE DISMAL PERFORMANCE OF THE LIKUD-LED GOVERNMENT, ESPECIALLY IN THE ECONOMIC SPHERE, WHERE RUNAWAY INFLATION, SUBSIDY CUTS, AND GENERAL MISMANAGEMENT HAVE DEMORALIZED THE PUBLIC. BEGIN'S GROWING INABILITY TO EXERT STRONG LEADERSHIP OVER CABINET, PARTY, AND COUNTRY HAS BEEN A SHOCK TO MANY OF HIS ERSTWHILE SUPPORTERS. IT WAS A LONGING FOR DECISIVE LEADERSHIP THAT LED MANY SEPHARDIC [illegible] TO SUPPORT BEGIN IN 1977.

4. BEGIN'S HANDLING OF FOREIGN POLICY ISSUES HAS ALSO GENERATED WIDESPREAD DISMAY WITHIN ISRAEL.

[redacted] BY HIS CONCESSIONS TO SADAT AND BY THE AUTONOMY TERM.

(B) DOVES REMAIN REPELLED BY HIS APOCALYPTIC STYLE AND BY THE WEST BANK SETTLEMENT PROGRAM THAT THEY BELIEVE ENDANGERS THE PEACE AGREEMENT WITH EGYPT AND BECLOUDS RELATIONS WITH THE US.

(C) POLITICALLY SOPHISTICATED CIRCLES ARE CONCERNED THAT BEGIN'S POSTURING IS DAMAGING ISRAEL'S STANDING IN US PUBLIC OPINION.

5. WHILE THE GOVERNMENT IS THUS BESET BY MANY PROBLEMS, LABOR IS RIVEN BY PERSONAL, FACTIONAL, AND IDEOLOGICAL DIFFERENCES. MANY PARTY MEMBERS STRONGLY MISTRUST PARTY CHAIRMAN PERES. HIS LEADERSHIP HAS NOT BEEN PARTICULARLY IMPRESSIVE OVER THE PAST TWO YEARS. NEVERTHELESS, HE WILL PROBABLY CONTINUE TO LEAD THE PARTY AND BE ITS CANDIDATE FOR PRIME MINISTER IN THE NEXT ELECTIONS. AT THE SAME TIME, PERES FACES CONTINUOUS PRESSURE FROM HIS ENEMIES. AMONG THESE, FORMER PRIME MINISTER RABIN IS THE MOST EMBITTERED AND VENGEFUL. HE HAS RECENTLY PUBLISHED

HIS MEMOIRS, IN WHICH HE DESCRIBES PERES AS AN INVETERATE SCHEMER WHO IS UNFIT TO BE PRIME MINISTER. RABIN, WHO BELIEVES THAT PERES UNDERMINED HIM AT EVERY TURN DURING HIS GOVERNMENT, GIVES THE IMPRESSION OF BEING A MAN WHO WOULD DESTROY PERES EVEN AT THE COST OF DESTROYING LABOR IN THE PROCESS. RABIN CAN HURT PERES, BUT IT IS UNLIKELY THAT THE FORMER COULD BECOME PRIME MINISTER AGAIN.

6. YIGAL ALLON, ONCE FOREIGN MINISTER AND LONGTIME ADVERSARY OF PERES, REFUSES TO COUNT HIMSELF OUT OF A POSSIBLE CONTEST WITH PERES. ALLON IS UNTAINTED BY SCANDAL, BUT HE IS ANOTHER OLD FACE WHOM INCREASINGLY PRAGMATIC LABOR POLITICIANS WOULD BE DISINCLINED TO ACCEPT AS LEADER.

7. MANEUVERING FOR POSITION AND POWER ALSO CONTINUE ON A LOWER LEVEL IN THE LABOR PARTY. RELATIVELY YOUTHFUL LEADERS OF THE RECENTLY MERGED KIBBUTZ FEDERATIONS AND OF SOME BRANCH ORGANIZATIONS ARE SEEKING TO INCREASE THEIR OWN POWER AND RID LABOR OF ITS WORN-OUT IMAGE BY REPLACING MANY OF THE OLDER SECONDARY LEADERS OF THE PARTY.

8. FOR THE NEAR TO INTERMEDIATE TERM, LABOR WILL CONTINUE TO ATTACK BEGIN FOR MISMANAGEMENT OF THE ECONOMY, DISARRAY IN THE CABINET, AND ERRORS IN FOREIGN AND SETTLEMENT POLICIES. HE IS VULNERABLE ON THE FIRST TWO ISSUES, WHICH ARE RISKLESS FOR LABOR. AT THE SAME TIME, LABOR WILL

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RETAIN ITS CONTACTS WITH THE NATIONAL RELIGIOUS PARTY SO THAT THE "HISTORIC PARTNERSHIP" BETWEEN THE TWO CAN BE RESUMED AFTER THE NEXT ELECTION--PROVIDING THAT THEY CAN REACH AGREEMENT ON THE WEST BANK ISSUE.

9. (U) WEST BANK SETTLEMENTS: ON OCTOBER 15 ISRAELI TROOPS BEGAN EVICTING GUSH EMUNIM SETTLERS FROM THE 31 TEMPORARY CAMPS THAT THEY HAD SET UP OVERNIGH IN REACTION TO THE CABINET DECISION ON WEST BANK SETTLEMENTS. GUSH EMUNIM CONTINUES TO DEMAND THAT ISRAEL SEIZE ARAB-OWNED LAND FOR JEWISH SETTLEMENTS.

THE WEST BANK PRESS CLAIMED THAT THE GOVERNMENT DECISION TO USE ONLY "STATE LANDS" WAS MERELY A PLAY ON WORDS, ADDING "THE VERY ACT OF SETTLEMENT IS ILLEGAL." IN A RELATED INTERVIEW, DEPUTY PRIME MINISTER YADIN STATED, "IN THE FUTURE AS IN THE PAST, WE, THE DEMOCRATS, WILL BE OPPOSED TO ANY SETTLEMENTS WHOSE ESTABLISHMENT IS NOT FOR SECURITY REASONS."

10. (U) JORDAN PRESS: RADIO AMMAN SAID THAT THE ISRAELI DECISION TO EXPAND SETTLEMENTS ON THE WEST BANK "HAS DEMONSTRATED TO THE WORLD THAT A STRONGER ISRAEL MEANS THAT ITS AGGRESSIVE AND EXPANSIONIST INTENTIONS ARE INTENSIFIED." THE OCTOBER 14 PRESS HIGHLIGHTED THE DEPARTURE OF THE JORDANIAN-PLO DELEGATION ON A FUND-RAISING TOUR OF LIDYA, ALGERIA, TUNISIA, AND MOROCCO.

11. (U) EGYPT ON ISRAELI SETTLEMENTS: RADIO CAIRO DECLARED OCTOBER 15 THAT THE ESTABLISHMENT OF NEW SETTLEMENTS OCCUPIED ARAB TERRITORIES BY ISRAEL CONTRADICTS THE CAMP DAVID AGREEMENT IN WHICH ISRAEL "WAS FORCED TO RECOGNIZE" THE "LEGITIMATE RIGHTS" OF THE PALESTINIANS.

12. (S) ISRAELI AID REQUEST FOR FY-81: EMBASSY TEL AVIV REPORTS THAT ISRAEL WILL HAVE A HUGE BALANCE OF PAYMENTS DEFICIT IN FY-81 IF IT PURSUES ECONOMIC POLICIES THAT IT NOW HAS IN MIND. ISRAEL'S FY-81 AID REQUEST ASKS THAT US ASSISTANCE BE INCREASED FAR BEYOND PRESENT LEVELS SO THAT ISRAEL WILL NOT HAVE TO TAKE VERY SEVERE AUSTERITY MEASURES.

13. (U) BLACK CIVIL RIGHTS DELEGATION VISITS ISRAEL: ISRAELI MEDIA ON OCTOBER 15 FOCUSED ON THE VISIT OF A DELEGATION OF BLACK US CIVIL RIGHTS AND LABOR LEADERS. PRAISE WAS GENERAL FOR THE DELEGATION'S SUPPORT FOR ISRAEL AND ITS CONDEMNATION OF THE PLO. ON OCTBER 15, ACCORDING TO AP, BAYARD RUSTIN, PRESIDENT OF THE PHILIP RANDOLPH INSTITUTE AND A MEMBER OF THE DELEGATION, STATED THAT THOSE WHO GIVE THE IMPRESSION THAT THERE IS WIDESPREAD SUPPORT FOR THE PLO IN THE US ARE "DISTURBING THE PEACE PROCESS."

14. (U) EGYPT-SINAI OIL: EMBASSY CAIRO REPORTS THAT THE EGYPTIAN PRESS ON OCTOBER 14 SAID THAT EGYPT WILL NOT SELL OIL ON A GOVERNMENT-TO-GOVERNMENT BASIS TO ISRAEL, BUT ONLY TO PRIVATE COMPANIES AT THE FREE MARKET RATE.

15. (U) ASSAD'S VISIT TO MOSCOW: RADIO DAMASCUS REPORTS THAT ONE OF THE "MOST IMPORTANT" TOPICS FOR DISCUSSION DURING ASSAD'S VISIT TO MOSCOW, WHICH BEGAN OCTOBER 15WILL CONCERN THE INTERNAL SITUATION IN SYRIA AT THIS TIME. ASSAD WILL EVIDENTLY ASK FOR INCREASED SOVIET ECONOMIC AND DEVELOPMENT ASSISTANCE WHICH IS NEEDED TO BUILD "A SOLID SYRIAN ECONOMIC BASE." RADIO TOKYO REPORTED OCTOBER 15 THAT BREZHNEV WILL BE UNABLE TO MEET WITH ASSAD FOR REASONS OF HEALTH.

16. (C) ARAB LEAGUE: THE CAIRO BRANCH OF THE ARAB LEAGUE HAS ANNOUNCED AN UPCOMING SERIES OF ARAB LEAGUE SPONSORED SEMINARS. SECRETARY GENERAL MOHAMMED RIAD TOLD EMBASSY CAIRO THAT HE SAW THE SEMINAR SERIES PRINCIPALLY AS A "HOLDING ACTION" TO KEEP THE CAIRO LEAGUE OFFICE ALIVE PENDING RECONCILIATION OF ARAB DIFFERENCES AND REUNIFICATION OF THE LEAGUE.

17. (C) RUMORS OF YEMENI-EGYPTIAN RECONCILIATION: ON OCTOBER 13 AN EGYPTIAN NEWSPAPER REPORTED THAT ONE OF THE ARAB COUNTRIES WHICH WAS A PARTY TO THE BAGHDAD SUMMIT RESOLUTIONS AGAINST EGYPT HAS RECONSIDERED ITS POSITION AND IS SEEKING TO RESTORE RELATIONS WITH EGYPT. AN EXPERIENCED GREEK DIPLOMAT INFORMED EMBASSY CAIRO THAT THE COUNTRY IN QUESTION IS THE YAR, BUT NO CONFIRMATION OF THIS HAS BEEN RECEIVED.

18. (U) KUWAITI OIL PRODUCTION: THE NEWSPAPER AL-WATAN ANNOUNCED ON OCTOBER 14 THAT KUWAIT PLANS TO CUT ITS OIL PRODUCTION OF 2.2 MILLION BARRELS DAILY BY A QUARTER. NO DATE FOR THE CUT HAS BEEN ANNOUNCED.

19. (U) THE PLO AND OIL: REUTER REPORTED ON OCTOBER 14 THAT FAROUK QADDOUMI, HEAD OF THE PLO'S POLITICAL DEPARTMENT, HAS CALLED UPON THE ARAB STATES TO USE THE "OIL WEAPON" TO INFLUENCE NEXT YEAR'S PRESIDENTIAL ELECTIONS IN THE US.

20. (C) IRAN-PLO: EMBASSY TEHRAN REPORTS THAT IRANIA FOREIGN MINISTER YAZDI ANNOUNCED ON OCTOBER 10 THAT THE DT
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PLO WOULD NOT BE PERMITTED TO OPERATE AN OFFICE IN AHWAZ, KHUZESTAN. THAT SAME DAY, THE COMMANDER OF IRAN'S REVOLUTIONARY GUARD, ABOU SHARIF, AND THE MILITANT ISLAMIC GROUP, MOJAHEDEEN, VOICED THEIR DISSATISFACTION WITH IRANIAN POLICY TOWARD THE PLO. ON OCTOBER 12 A PLO DELEGATION LED BY FATAH MILITARY COMMANDER AL-WAZIR ARRIVED IN TEHRAN TO MEET WITH THE MINISTERS OF DEFENSE

AND FOREIGN AFFAIRS AND, REPORTEDLY, WITH KHOMEINI. EMBASSY TEHRAN DOES NOT FEEL, HOWEVER, THAT THE VISIT OF THE PLO DELEGATION WILL RESULT IN A CHANGE IN IRAN'S BASIC POLICY TOWARD THE PLO.

21. (U) HADDAD-SARKIS: ON OCTOBER 15 THE VOICE OF LEBANON BROADCAST A STATEMENT BY MAJOR HADDAD ANNOUNCING HIS DECISION TO CEASE PROPAGANDA AGAINST PRESIDENT SARKIS AND THE LEBANESE GOVERNMENT. HADDAD FEELS THAT THE LEBANESE GOVERNMENT IS COOPERATING WITH THE US TO REMOVE SYRIAN AND PALESTINIAN ELEMENTS FROM LEBANON. HE ALSO BELIEVES THAT LEBANON WILL BE "THE SECOND COUNTRY TO SIGN THE PEACE TREATY WITH ISRAEL." VANCE
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S E C R E T SECTION #1 OF 02 STATE 272995/01

E.O. 12065 GDS 10/18/85 (MONTVILLE, JOSEPH V.)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 919 - OCTOBER 18, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHODS INVOLVED
NOT RELEASABLE TO FOREIGN NATIONALS
(PARAGRAPHS 1-7 CONFIDENTIAL)

1. ARAFAT'S WEST BANK VETO: A COMBINATION OF ADROIT DIPLOMACY, ISRAELI SETTLEMENT POLICIES, AND ARAB PESSIMISM OVER THE AUTONOMY NEGOTIATIONS HAVE LED TO UNPRECEDENTED SUPPORT FOR THE PLO ON THE WEST BANK. ARAFAT'S NEW RELATIONSHIP WITH HUSSEIN IS PERMITTING HIM TO PURSUE HIS WEST BANK POLICIES WITHOUT FEAR OF CHALLENGE BY THE KING.

2. ARAB WEST BANK NEWSPAPERS REFLECT THE POPULAR FEELING THAT THE ISRAELI GOVERNMENT'S CLAIMS OF FIGHTING AGAINST ILLEGAL SETTLEMENTS HAVE BECOME VOID: "THE GUSH EMONIM AND THE GOVERNMENT ARE TWO ASPECTS OF THE SAME SETTLEMENT POLICY." MOREOVER, WEST BANKERS ARGUE THAT THE VERY ACT OF SETTLEMENT IS ILLEGAL NO MATTER WHETHER THE LANDS ARE PRIVATE OR CLAIMED AS "STATE" LANDS.

3. THESE ANXIETIES AND PRESSURES HAVE MADE EVEN NOTABLES WHO HARBOR GRAVE DOUBTS ABOUT THE PLO RALLY TO SHOW SOLIDARITY WITH THAT ORGANIZATION:

(A) BETHLEHEM MAYOR FREIJ NOW SAYS THAT HE WILL OPPOSE ANY AUTONOMY AGREEMENT AND THAT NO CREDIBLE

PALESTINIANS WILL PARTICIPATE. FREIJ TOLD CONGEN JERUSALEM OFFICERS THAT HE WOULD WORK "WITH THE LAST DROP OF MY BLOOD" TO THWART ANY ELECTION THAT MIGHT BE HELD IN HIS DISTRICT.

(B) MAYOR SHAWWA OF GAZA CONTINUES TO CLAIM THAT HE WILL NOT PARTICIPATE FOR ANYTHING LESS THAN AN END TO SETTLEMENTS AND A FORMULA LEADING TO PALESTINIAN SELF-DETERMINATION. (THE MAYOR CONCEDES, HOWEVER, THAT ISRAELI AUTHORITIES COULD IMPOSE A SHAM AUTONOMY ON GAZA SIMPLY BY WITHDRAWING THE MILITARY GOVERNMENT.)

(C) THE VENERABLE HIKMAT AL-MASRI OF NABLUS AND HIS CLAN ALSO ARE VERY PESSIMISTIC THAT ANY AUTONOMY FORMULA THAT THEY COULD SUPPORT WILL BE ACHIEVED.

(D) AZIZ SHIHADIH SAID THAT HE AND OTHER PALESTINIAN MODERATES WILL NOT ATTEND THE ISRAELI-DOVE SPONSORED "NEW OUTLOOK" CONFERENCE IN WASHINGTON THIS MONTH BECAUSE THE PLO HAS ADVISED AGAINST IT.

4. EVEN IF THESE STATEMENTS ARE TO SOME EXTENT POSTURING, IT IS SIGNIFICANT THAT THESE MEN INCREASINGLY WANT TO BE SEEN PUBLICLY ALLYING THEMSELVES WITH THE MODERATE WING OF THE PLO. THEIR STATEMENTS INDICATE THAT THEY PERCEIVE THE PEOPLE UPON WHOM THEY DEPEND FOR POLITICAL SUPPORT AS INCREASINGLY BEHIND THE PLO. MOST WEST BANKERS AGREE THAT IF THE ISRAELI AUTHORITIES PERMIT MUNICIPAL ELECTIONS TO BE HELD NEXT SPRING ALL CANDIDATES FROM CONSERVATIVES TO COMMUNISTS WILL WRAP THEMSELVES IN THE MANTLE OF THE PLO.

5. HOWEVER, ARAFAT CANNOT MERELY DICTATE TO THE MANY VARIED PERSONALITIES OF THE WEST BANK. THE RELATIONSHIP IS ONE OF GIVE AND TAKE, WITH A CONSTANT EXCHANGE OF VIEWS. ARAFAT DOES NOT WANT TO LOSE THE WEST BANK SUPPORT HE HAS SO PAINSTAKINGLY WON. HE WOULD HAVE TO GIVE SERIOUS CONSIDERATION TO ANY CONSENSUS VIEW TOWARD AUTONOMY THAT EMERGED AMONG THE WEST BANKERS. HOWEVER, IN THE ABSENCE OF MAJOR ISRAELI CONCESSIONS IT IS UNLIKELY THAT HE WILL FEEL OBLIGED TO PERMIT COOPERATION WITH THE AUTONOMY PROCESS.

6. IN THE FINAL ANALYSIS, ARAFAT WILL PROBABLY BE THE ONE TO DECIDE THE NATURE OF THE WEST BANK RESPONSE TO ANY AUTONOMY AGREEMENT THAT IS EVENTUALLY NEGOTIATED. IT INCREASINGLY APPEARS THAT IF HE CHOOSES ARAFAT COULD PREVENT REPRESENTATIVE CANDIDATES FROM EMERGING AND PALESTINIANS BOYCOTTING. HE WOULD HAVE THE APPROVAL OF SYRIA, IRAQ,

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AND PROBABLY JORDAN AND SAUDI ARABIA AS WELL, FOR SUCH A MOVE.

7. ON THE OTHER HAND, BY ALLOWING ELECTIONS TO OCCUR ARAFAT CAN ALMOST CERTAINLY BE ASSURED OF CONTROLLING THE SELF-GOVERNING AUTHORITY; HE COULD THEN USE IT TO EMBARRASS THE ISRAELIS AND PERHAPS CAUSE THE AGREEMENT TO COLLAPSE. WHATEVER PATH HE CHOOSES, IT WILL LIKELY CONFIRM THE PLO'S CONSIDERABLE STRENGTH ON THE WEST BANK.

8. (U) AUTONOMY TALKS: ACCORDING TO EMBASSY CAIRO, PRIME MINISTER KHALIL SAID OCTOBER 17 THAT EGYPT IS HOLDING FIRM TO ITS POSITION THAT ARAB JERUSALEM MUST BE

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S E C R E T FINAL SECTION OF 02 STATE 272995/02

PART OF THE REGION ENJOYING AUTONOMY. HE ALSO SAID THAT PALESTINIANS MUST BE ABLE TO FORM PARTIES BEFORE ELECTIONS ARE HELD AND ELECTIONS MUST BE HELD UNDER INTERNATIONAL SUPERVISION.

9. (U) AGUDAT YISRAEL THREATENS TO LEAVE COALITION: ACCORDING TO A RADIO TEL AVIV BROADCAST, THE AGUDAT YISRAEL FACTION THREATENED OCTOBER 17 TO LEAVE BEGIN'S RULING COALITION IF THE COALITION AGREEMENT ON BANNING ABORTIONS IS NOT KEPT. MEMBERS OF THE COALITION FEEL, HOWEVER, THAT AGUDAT YISRAEL WILL NOT CARRY OUT ITS THREAT.

10. (U) CAIRO REACTION TO SETTLEMENTS: THE EGYPTIAN PRESS HIGHLIGHTED KHALIL'S INTERVIEW WITH YEDIOT AHARONOT IN WHICH HE SAID THAT ISRAEL'S DECISION TO EXPAND SETTLEMENTS ON THE WEST BANK CONFLICTS WITH BEGIN'S PROMISE TO SADAT AND PRESIDENT CARTER. HE ADDED THAT THE ISRAELI GOVERNMENT SURPRISES EGYPT EVERY MONTH BY MAKING DECISIONS WHICH "THREATEN THE ATMOSPHERE OF CONFIDENCE AND DETENTE."

11. (U) CABINET DENIES SETTLEMENT PLANS: ON RADIO JERUSALEM OCTOBER 17 CABINET SECRETARY ARYE NA'OR DENIED REPORTS IN THE JERUSALEM POST THAT THE ISRAELI GOVERNMENT PLANS TO ESTABLISH SIX NEW SETTLEMENTS AS DEFENSIVE FOOTHOLDS LINKING THE JORDAN RIFT VALLEY WITH THE COASTAL PLAIN.

12. (U) DAYAN ON THE PALESTINIANS: REUTER REPORTS THAT DAYAN TOLD A GROUP OF US CITIZENS VISITING TEL AVIV THAT EVEN THE MOST EXTREME SYMPATHIZERS OF THE PLO WOULD NOT WANT ANOTHER ARAB-ISRAELI WAR. HE SAID THAT THE INHABITANTS OF THE WEST BANK KNOW THAT ANOTHER WAR WOULD CRUSH THEM BETWEEN THE WARRING SIDES AND TURN THEM INTO REFUGEES.

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17. (C) PURCHASE OF WEST BANK LAND: EMBASSY TEL AVIV REPORTS THE DECISION TO ALLOW THE SALE OF WEST BANK LAND TO ISRAELIS HAS HAD LITTLE EFFECT ON THE VOLUME OF LAND SALES BECAUSE OF THE FOCUS OF PUBLIC ATTENTION ON THE ISSUE. THE EMBASSY NOTES THAT "FORMERLY SUCH SALES COULD BE CARRIED OUT IN SECRECY...USUALLY THROUGH ARAB 'STRAW MEN'."

HOWEVER, CONSULATE GENERAL JERUSALEM IS WITHHOLDING JUDGMENT. IT NOTES THAT PALESTINIANS LIKE BETHLEHEM'S MAYOR FREIJ FEAR THE EFFECTS OF THE DECISION. WE BELIEVE THAT ITS EFFECTS COULD BE PARTICULARLY TROUBLESOME IN CASES OF ABSENTEE OWNERSHIP.

18. (U) YADIN IN HOSPITAL: EMBASSY TEL AVIV REPORTS THAT DEPUTY PRIME MINISTER YADIN HAD SUFFERED A MILD HEART ATTACK ON OCTOBER 16 AND IS NOW IN HADASSAH HOSPITAL IN JERUSALEM. REUTER REPORTED THAT YADIN WAS IN "VERY SATISFACTORY CONDITION."

19. (C) KUWAIT OIL: EMBASSY KUWAIT REPORTS THAT DURING THE AMBASSADOR'S OCTOBER 16 CALL ON THE OIL MINISTER TO PROTEST KUWAIT'S OIL POLICIES, THE MINISTER CONFIRMED PRESS REPORTS THAT KUWAIT WILL CUT ITS PRODUCTION NEXT YEAR. HE ALSO HINTED THAT THERE WILL BE A SECOND PRICE RISE TO AROUND DOLLARS 22.00 A BARREL IN THE NEXT TWO WEEKS.

20. (C) SYRIA/USSR ON IRAQ AND PLO: ACCORDING TO A UNTESTED CLANDESTINE SOURCE, SYRIAN FOREIGN MINISTER KHADDAM TOLD GROMYKO LATE IN SEPTEMBER THAT PRESIDENT SADDAM HUSSEIN OF IRAQ WAS TREACHEROUS AND NOT A TRUE ALLY OF THE SOVIET UNION. GROMYKO REPORTEDLY AGREED AND ADDED THAT NEITHER HE NOR MOSCOW TRUSTED SADDAM HUSSEIN. KHADDAM ALSO TOLD GROMYKO THAT SYRIA WAS WORRIED THAT THE PLO WAS TOYING WITH THE IDEA OF OPENING A DIALOGUE WITH THE US.

21. (S/NF) SYRIA AND THE AS-9: A RELIABLE WESTERN EUROPEAN MILITARY OFFICER HAS INFORMED OUR DEFENSE ATTACHE IN DAMASCUS THAT HIS HEADQUARTERS INFORMED HIM ON OCTOBER 17 THAT SYRIA HAD RECEIVED THE AS-9 AIR-TO-SURFACE MISSILE.

22. (U) IRAQ-CUBANS: RADIO BAGHDAD BROADCAST STATEMENTS BY PRESIDENT SADDAM HUSSEIN OCTOBER 17 IN WHICH HE DENIED STATEMENTS BY US OFFICIALS ON THE PRESENCE OF CUBAN SOLDIERS IN IRAQ.

4

19. (C) PHALANGIST HOSTAGES: EMBASSY BEIRUT REPORTS THAT THE HOSTAGE SITUATION IN NORTH LEBANON REMAINS UNCHANGED. PHALANGE SOURCES SAY THEY DO NOT EXPECT AN EARLY RELEASE OF FRANJIYAH'S FOLLOWERS. AN ATTORNEY REPRESENTING THE MARONITE LEAGUE IS ATTEMPTING TO MEDIATE THE DISPUTE. VANCE

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* U.S. GOVERNMENT PRINTING OFFICE 1979-289-344

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S E C R E T NOFORN
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SUBJ: [redacted]
THE FOLLOWING OCTOBER EIGHT CONTAINS FOUR ITEMS.
1. ISRAEL: DAYAN RESIGNATION. (S/NOFORN)
2. ARABIAN PENINSULA: FOREIGN MINISTERS CONFERENCE. (S/NOFORN)
3. OTHER SIGNIFICANT DEVELOPMENTS. (U)
4. INDICATIONS AND WARNING STATUS: NO CHANGE. (U)

PAGE 2 RUSNAAA2742 S E C R E T NOFORN

1. (S/NOFORN - ALL PARAS) ISRAEL: FOREIGN MINISTER DAYAN'S RESIGNATION SUNDAY IS CERTAIN TO DAMAGE THE GOVERNMENT'S ALREADY SAGGING CREDIBILITY, AND MAY AFFECT THE LIKUD COALITION'S ABILITY TO RETAIN POWER. PRIME MINISTER BEGIN'S MOST PRESSING PROBLEM IS TO REPLACE DAYAN, WITHOUT PROVOKING WIDER DIFFICULTIES WITHIN THE COALITION. HAGGLING HAS ALREADY BEGUN OVER REORDERING CABINET POSTS. THE PRIME MINISTER WILL ATTEMPT TO PRESERVE AN ACCEPTABLE DISTRIBUTION OF CABINET POSTS, AND TO COMPLETE THE RESHUFFLE QUICKLY TO HEAD OFF INTERNAL PARTY FEUDING. IN THE INTERIM, BEGIN WILL HOLD THE FOREIGN MINISTER PORTFOLIO HIMSELF.

THERE IS ALREADY CONSIDERABLE PUBLIC OPPOSITION TO THE GOVERNMENT'S DISASTROUS ECONOMIC POLICY WHICH HAS ALLOWED TRIPLE-DIGIT INFLATION. FOR THE LAST TWO MONTHS, IT HAS BEEN RUNNING AT AN ANNUAL RATE OF 150 PERCENT, AND WILL BE OVER 100 PERCENT FOR THE YEAR.

IN RECENT MONTHS, THE GOVERNMENT'S POPULARITY HAS STEADILY DECLINED, IN PUBLIC OPINION POLLS, WHICH HAVE SHOWED A MAJORITY FAVORING THE OPPOSITION LABOR PARTY.

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BEGIN'S PERSONAL STANDING HAS ALSO SUFFERED. ACCORDING TO A POLL TAKEN BEFORE DAYAN'S RESIGNATION, FOR THE FIRST TIME MORE PEOPLE WERE DISSATISFIED WITH BEGIN'S PERFORMANCE, THAN WERE SATISFIED. REFLECTING THIS INCREASING DISSATISFACTION HAS BEEN THE DWINDLING OF LIKUD'S PARLIAMENTARY MAJORITY FROM 17 TO 5 SEATS.
OPPOSITION LABOR PARTY LEADER, SHIMON PERES, PREDICTABLY APPLAUDED DAYAN'S RESIGNATION, WHICH WILL UNDERMINE PUBLIC CONFIDENCE IN BEGIN'S LEADERSHIP ON THE PEACE ISSUE. UNTIL NOW, THIS HAS BEEN BEGIN'S GREATEST SOURCE OF STRENGTH. PERES HAS CALLED FOR BEGIN'S RESIGNATION AND WILL ALMOST CERTAINLY SEEK TO EXPLOIT PUBLIC CRITICISM.
BEGIN ON THE OTHER HAND, SURVIVED FIVE NO CONFIDENCE MOTIONS IN THE PARLIAMENT YESTERDAY BY A VOTE OF 56 TO 47. ALL MEMBERS OF THE LIKUD COALITION THAT WERE PRESENT VOTED FOR THE GOVERNMENT. THIS VOTE INDICATES THAT BEGIN IS IN NO IMMEDIATE DANGER OF LOSING POWER. (DR KOEPPEN, PM 6284) (SOURCE: USEUCOM J2, VARIOUS)
. (S/NOFORN - ALL PARAS) ARABIAN PENINSULA: THE FOREIGN MINISTERS OF SAUDI ARABIA, KUWAIT, QATAR, BAHRAIN, UAE AND OMAN RECENTLY CONCLUDED A CONFERENCE AT TA'IF, SAUDI ARABIA.

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ACKNOWLEDGING THAT A DISCUSSION OF REGIONAL SECURITY FOR THE GULF WOULD BE MEANINGLESS WITHOUT IRAN AND IRAQ, THE SUBJECT WAS NOT APPROACHED, THE CONFEREES PREFERRING TO USE THE MEETING TO ENCOURAGE UNDERSTANDING AND COOPERATION AMONG THEMSELVES.
INTERNAL SECURITY MATTERS WERE ALSO DISCUSSED, INCLUDING ECONOMIC DEVELOPMENT AND THE PROBLEMS OF ARMS SMUGGLING AND THE MOVEMENT OF SUBVERSIVES ACROSS THE BORDERS OF THE SIX STATES.
ONE OF THE MORE INTERESTING THINGS TO EMERGE FROM THE MEETING WAS A REPORT PRESENTED BY THE KUWAITI FOREIGN MINISTER THAT THE SOUTH YEMENI GOVERNMENT HAD APPROACHED THE KUWAITIS IN HAVANA, WHEN THEY ASKED FOR KUWAITI ASSISTANCE IN SPONSORING A CONFERENCE AIMED AT IMPROVING RELATIONS BETWEEN SOUTH YEMEN AND OMAN. THE SOUTH YEMENIS HAD NOT ESTABLISHED ANY SPECIFIC CONDITIONS FOR SUCH A MEETING, BUT HAD SUGGESTED THAT IT WOULD ASSIST THEM IN THEIR PRESENT DOMESTIC POSITION, IF KUWAIT WOULD ANNOUNCE THAT THERE WAS NO TRUTH TO THE RUMORS OF AN EGYPTIAN MILITARY PRESENCE IN OMAN. IT HAS BEEN SPECULATED THAT THE SOUTH YEMENI INITIATIVE WAS A RESULT OF THE PRESENT INTERNAL SITUATION IN THE COUNTRY, AND UNTIL THEIR DOMESTIC PROBLEMS COULD BE RESOLVED, THEY DID NOT

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WISH TO HAVE ANY PROBLEMS BETWEEN THEMSELVES AND OMAN. IT IS LIKELY THAT SUCH A MOVE IS TEMPORARY, AS WE BELIEVE SOUTH YEMENI PRESIDENT ISMA'IL HAS NOT GIVEN UP HIS LONGER TERM AMBITION OF SPREADING SOCIALISM TO ALL OF THE MORE CONSERVATIVE REGIMES ON THE PENINSULA.

THE FOREIGN MINISTERS' MEETING HAS BEEN TERMED A SUCCESS BY AT LEAST ONE ATTENDEE, WHO STATED THAT THE CONFERENCE HAS SERVED TO IMPROVE UNDERSTANDING AND COOPERATION AMONG THE LIKE-MINDED REGIMES OF THE ARABIAN PENINSULA. (MAJ RYAN, PM 8284)
(SOURCE: AMEMB MUSCAT, USEUCOM J2)

3. (U) OTHER SIGNIFICANT DEVELOPMENTS.

A. (U) ALGERIA: ALGERIAN PRESS STRONGLY CRITICAL OF US ARMS TO MOROCCO. CHARGES ARMS "MAY BE USED AGAINST ALGERIA ITSELF," AND "ACT OF HOSTILITY TOWARD ALL PEOPLES IN NORTH AFRICA." (PRESS)

B. (U) MAURITANIA: FRANCE REPORTEDLY TO SEND 150 TROOPS TO NOUADHIBOU IN NORTHERN MAURITANIA TO ENSURE PROTECTION OF 1,500 FRENCH IN AREA. ALSO TO "SERVE AS WARNING TO REBELS (POLISARIO)

NOT TO VIOLATE MAURITANIAN SOVEREIGNTY." (PRESS)

4. (U) INDICATIONS AND WARNING (I&W) STATUS: THERE ARE NO CHANGES TO THE I&W STATUS SECTION FOR TODAY, 24 OCT 79.
(SOURCE: USEUCOM J2)
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C O N F I D E N T I A L SECTION 01 OF 03 STATE 284900/01

E.O. 12065 GDS 10/31/85 (MONTVILLE, JOSEPH V.)

TAGS: EG, IS, PINR

SUBJECT: INTSUM 928 - OCTOBER 31, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

(PARAGRAPHS 1-10 CONFIDENTIAL)

1. ISRAEL: NOVEMBER 1 CABINET MEETING MAY BE CRUCIAL: THE SPECIAL CABINET MEETING ON NOVEMBER 1 ON SETTLEMENTS COULD PROVE DECISIVE FOR THE FATE OF THE BEGIN GOVERNMENT. THE MINISTERS WILL CONSIDER A COMPROMISE FORMULA: IT IS DESIGNED TO ENABLE BEGIN TO CARRY OUT THE SUPREME COURT DECISION TO DISMANTLE THE ELON MOREH SETTLEMENT AND AT THE SAME TIME TO PROVIDE SUFFICIENT SATISFACTION TO GUSH EMUNIM TO PREVENT THE RESIGNATION OF AGRICULTURE MINISTER SHARON, AND POSSIBLY EDUCATION MINISTER HAMMER AS WELL.

2. IT IS A TOSS UP, HOWEVER, WHETHER THE PATRONS OF THE GUSH IN THE CABINET WILL ACCEPT BEGIN'S COMPROMISE. THE WITHDRAWAL OF SHARON AND HAMMER WOULD ALMOST CERTAINLY BRING DOWN THE CABINET.

3. THE COURT RULED THAT THE ELON MOREH SETTLEMENT MUST BE REMOVED BY NOVEMBER 21. PRESS REPORTS SUGGEST THAT BEGIN IS:

(A) CONSIDERING MOVING THE ELON MOREH SETTLERS TO A NEARBY SITE;

(B) DECLARING THE LAND OCCUPIED BY THE SETTLERS A MILITARY FOOTHOLD; AND

(C) ANNOUNCING A DECISION TO ESTABLISH A LARGE NUMBER OF NEW SETTLEMENTS IN SAMARIA IN THE NEAR FUTURE.

THESE STEPS COULD ATTENUATE OR POSTPONE THE CURRENT CRISIS.

4. WHETHER SUCH MEASURES WILL WORK WILL DEPEND ON THE ATTITUDE OF GUSH EMUNIM. THE GUSH MAY NOW PREFER TO PRECIPITATE THE COLLAPSE OF THE TOTTERING BEGIN GOVERNMENT RATHER THAN VOLUNTARILY ACCEPT A COMPROMISE SOLUTION.

5. THE MEMBERS OF THE GUSH HAVE BEEN BITTERLY DISAPPOINTED IN BEGIN, WHOM THEY REGARDED IN THE PRE-1977 PERIOD AS A HEROIC FIGURE AND PATRON.

(A) THEY CONSIDER THE NEGOTIATIONS THAT BEGIN HAS CONDUCTED WITH EGYPT AS DISASTROUS.

(B) THEY SEE THE AUTONOMY PLAN AS FORESHADOWING ISRAEL'S LOSS OF THE WEST BANK.

(C) THEY REGARD BEGIN'S FAILURE (DESPITE THEIR PRODDING) TO ESTABLISH SETTLEMENTS THROUGHOUT "SAMARIA" AS A BETRAYAL OF HIS TRADITIONAL BELIEFS AND COMMITMENTS.

6. IN THE PAST, THE GUSH HAS PRESSURED BEGIN THROUGH THE NATIONAL RELIGIOUS PARTY TO EXTRACT CONCESSIONS ON SETTLEMENTS. IT MAY BE THAT THE GUSH HAS BECOME CONVINCED THAT THIS TACTIC HAS NOW RUN ITS COURSE. IN ANY EVENT, IT WOULD BE VERY DIFFICULT FOR BEGIN TO REMAIN IN OFFICE IF THE GUSH CARRIED OUT ITS THREAT TO RESIST THE REMOVAL OF THE ELON MORE SETTLEMENT. A CONFRONTATION WITH GUSH EMUNIM IS SOMETHING THAT HE WILL DO HIS UTMOST TO AVOID.

7. BEGIN'S OWN INTENTIONS WILL PLAY A MAJOR ROLE IN THE OUTCOME. BEGIN MAY BELIEVE THAT HIS STANDING FIRM IN SUPPORT OF THE SUPREME COURT DECISION WOULD ENABLE HIM TO FACE DOWN HIS OPPOSITION. ON THE OTHER HAND, HE MAY WILLINGLY COURT POLITICAL CRISIS AS A FACE-SAVING WAY TO ENGINEER HIS OWN RESIGNATION. HE MAY WELL HAVE CONCLUDED THAT IT WOULD BE BETTER FOR HIM TO LEAVE OFFICE NOW, SINCE HE HAS BEEN EMOTIONALLY SAPPED BY THE INTENSE POLITICAL CONFLICT THAT HIS FOREIGN POLICY HAS PRODUCED AMONG HIS TRADITIONAL SUPPORTERS.

8. BEGIN'S DESIRE TO BE THE PEACEMAKER -- AND THEREBY RAISE HIMSELF ONTO A LEVEL WITH MEIR AND BEN-GURION -- HAS CLASHED WITH HIS LIFELONG COMMITMENT TO IDEOLOGICAL PRINCIPLES, FOREMOST AMONG WHICH IS THE DEVOTION TO THE PRINCIPLE OF THE INDIVISIBILITY OF "GREATER ISRAEL." BEGIN APPEARS INCAPABLE OF TRANSCENDING THE TRADITIONAL PULL OF IDEOLOGICAL PRINCIPLES, EVEN IF COMPROMISE IS NECESSARY FOR HIM TO ACHIEVE HIS DREAM OF BECOMING ISRAEL'S PEACEMAKER. A RESIGNATION OVER AN ISSUE OF PRINCIPLE -- SUCH AS THE FUTURE STATUS OF THE WEST BANK -- WOULD APPEAL TO A MAN OF HIS STRIPE.

9. YET, BEGIN MAY ALSO DECIDE TO SOLDIER ON, DESPITE THE PRECARIOUSNESS OF HIS POSITION. HE PROBABLY HAS NOT

PAGE 2 TEL AVIV 29737 S E C R E T

E) IRAQ-IRAN: EXTENT OF IRAQI INVOLVEMENT I
THE KURDS AND/OR ARAB OPPOSITION IN KHUZESTAN TO T
INTENTION TO STRENGTHEN RELATIONS WITH TEHERAN O
TO MOVE MORE VIGOROUSLY AGAINST THE IRANIAN REGIM

F) THE SOVIET ATTITUDE TOWARDS THE IRANIAN REG
IES WITH OPPOSITION ELEMENTS IN IRAN.

G) THE STATE OF THE ECONOMY: MANUFACTURING, FI
D ENERGY SECTORS.

TEXT.

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C O N F I D E N T I A L SECTION 02 OF 03 STATE 284900/02

MADE UP HIS MIND YET ABOUT WHICH COURSE HE WILL FOLLOW.

10. IN THE MEANTIME, THIS WEEK'S CABINET RESHUFFLE, HAS BROUGHT BEGIN A LITTLE BREATHING SPACE ON ANOTHER TROUBLESOME FRONT -- THE MALFUNCTIONING OF THE CABINET. THE CHANGES LEFT THE FOREIGN MINISTRY TEMPORARILY IN BEGIN'S HANDS, BROUGHT HOROWITZ IN AS FINANCE MINISTER, MOVED EHRLICH TO A NEW BUT POWERLESS POST AS SECOND DEPUTY PRIME MINISTER, AND MADE MINISTER WITHOUT PORTFOLIO NISSIM THE HEAD OF THE NEWLY ESTABLISHEDMINISTRY OF INFORMATION.

11. (C) DAYAN-WEST BANK AUTONOMY: THE ISRAELI PRESS NOW SAYS, EMBASSY TEL AVIV REPORTS, THAT THE "REAL" REASON FOR DAYAN'S RESIGNATION WAS A CABINET DECISION, FINALLY FIVE MONTHS AGO, THAT ISRAELI SOVEREIGNTY WOULD BE APPLIED TO THE WEST BANK AT THE END OF THE FIVE-YEAR AUTONOMY REGIME AND THAT THIS POSITION HAS BEEN "THE COMPASS AND GUIDELINE" OF ISRAEL'S NEGOTIATING TEAM. DAYAN HAS REPORTEDLY SAID THAT THE DECISION, WHICH HE OPPOSED, WAS MADE BY THE CABINET IN A SECRET SESSION. CABINET SECRETARY NAOR AND INTERIOR MINISTER BURG HAVE DENIED THIS.

IF TRUE, THE CABINET'S DECISION IS A SIGNIFICANT DEPARTURE FROM BEGIN'S ORIGINAL POSITION ON THIS ISSUE. EMBASSY TEL AVIV COMMENTS, HOWEVER, THAT MANY ISRAELIS HAD LONG ASSUMED THAT SUCH A GOVERNMENT POSITION EXISTED, BUT THAT THIS HAD NEVER BEEN OFFICIALLY CONFIRMED.

12. (C) ISRAELI LABOR PARTY: EMBASSY TEL AVIV REPORTS THAT THE LABOR PARTY FAVORS DOING ALL IT CAN TO MOVE FORWARD THE ELECTIONS, WHICH IT IS CONFIDENT OF WINNING. PERES IS STILL VERY MUCH IN CHARGE DESPITE RABIN'S ATTACKS, ALLON'S POSSIBLE CHALLENGE FOR LEADERSHIP, AND THE GROWING STRENGTH OF THE NEW LABOR GENERATION. THE PARTY IS ALREADY EXPLORING POST-ELECTION POSSIBILITIES, SUCH AS AN ALIGNMENT WITH NON-LABOR CENTER ELEMENTS. A NATIONAL UNITY GOVERNMENT IS ALSO THOUGHT TO BE IN THE OFFING, BUT ONLY AFTER ELECTIONS.

13. (U) BEGIN'S HEALTH: HAARETZ STATED OCTOBER 30 THAT THOSE CLOSE TO BEGIN HAVE OBSERVED THAT HIS VITALITY IS "GENERALLY ON THE WANE" AND THAT HIS PREVAILING FRAME OF MIND IS CHARACTERIZED BY "GLOOMINESS AND DEPRESSION." AT THE OCTOBER 26 CABINET MEETING, BEGIN WAS REPORTEDLY "QUIET AND WITHDRAWN," ALLOWING THE DEBATE TO TAKE ITS OWN COURSE. HAARETZ COMMENTED THAT THE CURRENT GOVERNMENT CRISIS IS, TO SOME DEGREE, RELATED TO BEGIN'S CONDITION.

14. (U) ISRAELI THEFT RING ARRESTED: AP HAS REPORTED THAT ISRAELI POLICE HAVE ARRESTED 43 SUSPECTS, 13 OF THEM SOLDIERS, IN A THEFT RING THAT ALLEGEDLY SUPPLIED STOLEN ARMY WEAPONS AND AMMUNITION TO ARAB VILLAGES IN ISRAEL. A POLICE SPOKESMAN SAID THAT THE WEAPONS WERE NOT USED FOR TERRORIST ACTIVITIES. WE HAVE RECEIVED NO CONFIRMATION OF THIS REPORT.

15. (U) BURG ON AUTONOMY TALKS: IN A PRESS CONFERENCE CARRIED OCTOBER 30 BY IDF RADIO, BURG SAID THAT HE HAD AGREED WITH THE US DELEGATION THAT AUTHORIZED ISRAELIS AND ARABS FROM THE WEST BANK AND GAZA WOULD PARTICIPATE IN THE PREPARATION AND SUPERVISION OF THE ELECTIONS. HE ADDED THAT THE "JOINT STATEMENT" ON ELECTIONS IS IMPORTANT BECAUSE IT HAS REMOVED FROM THE AGENDA THE ISSUE OF AN INTERNATIONAL BODY SUPERVISING THE PROCEEDINGS.

16. (U) ISRAEL-CANADA: RADIO JERUSALEM REPORTS THAT OFFICIALS IN ISRAEL ARE DISAPPOINTED, ALTHOUGH NOT SURPRISED, AT CANADA'S DECISION NOT TO MOVE ITS EMBASSY TO JERUSALEM.

17. (U) US AID TO ISRAEL: THE ISRAELI PRESS OCTOBER 30 CONTAINED SEVERAL STORIES REFERRING TO COMMENTS MADE BY THE STATE DEPARTMENT'S SPOKESMAN ON THE INTERVIEW GIVEN BY AID ADMINISTRATOR BENNET TO REUTER ON OCTOBER 25. DAVAR CARRIED THE MOST DETAILED ARTICLE, INCLUDING THE COMMENT THAT THE STATE DEPARTMENT "CONFIRMS THERE IS A LINK BETWEEN AID TO ISRAEL AND WITHDRAWAL FROM THE TERRITORIES."

18. (C) PLO-ITALY: EMBASSY ROME REPORTS THAT WHEN PLO OFFICIAL FARUQ QADDUMI VISITED ITALY THE FOREIGN MINISTRY INFORMED HIM THAT ITALY CANNOT RECOGNIZE THE PLO "JURIDICALLY" BUT WILL DO SO "POLITICALLY." A STATEMENT ISSUED BY FOREIGN MINISTER ALFATTI ACKNOWLEDGED THAT THE INVITATION TO QADDUMI MAY BE CONSIDERED "DE FACTO" RECOGNITION OF THE NECESSITY FOR INCLUDING THE PLO IN THE PEACE PROCESS.

19. (U) PLO-WEST GERMANY: ACCORDING TO REUTER, A WEST GERMAN SPOKESMAN CONFIRMED ON OCTOBER 29 THAT AN ISRAELI INTELLIGENCE AGENT WAS PERMITTED TO QUESTION FOUR PALESTINIAN GUERRILLAS IN A MUNICH PRISON. PLO REPRESENTATIVES IN BEIRUT AND BONN HAVE THREATENED TO TAKE SOME SORT OF RETALIATORY ACTION AGAINST WEST GERMANY.

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20. (U) KREISKY-PLO: IN HIS ADDRESS TO THE UNGA, OCTOBER 29, KREISKY PREDICTED THAT ALL COUNTRIES WOULD SOON RECOGNIZE THE PLO AS THE REPRESENTATIVE OF THE PALESTINIANS. HE ADDED THAT, ONCE THIS HAPPENS, THE PALESTINIANS WOULD HAVE TO ACKNOWLEDGE ISRAEL, AND ISRAEL WOULD HAVE TO RECOGNIZE THE LEGITIMATE NATIONAL RIGHTS OF THE PALESTINIANS.

21. (U) CHINA-LEBANON-PLO: REUTER REPORTS THAT PRC DEPUTY FOREIGN MINISTER HO YING ARRIVED IN BEIRUT ON OCTOBER 29 FROM OMAN FOR TALKS WITH LEBANESE FOREIGN MINISTER FUAD BUTROS, ARAFAT, AND OTHER PLO LEADERS. VANCE
BT
#4900

27 Apr 79

E C R E T 2903282 APR 79 DEFERRED TELEPOUCH

FM WASHINGTON 417866.

TO TEL AVIV INFO TEHRAN

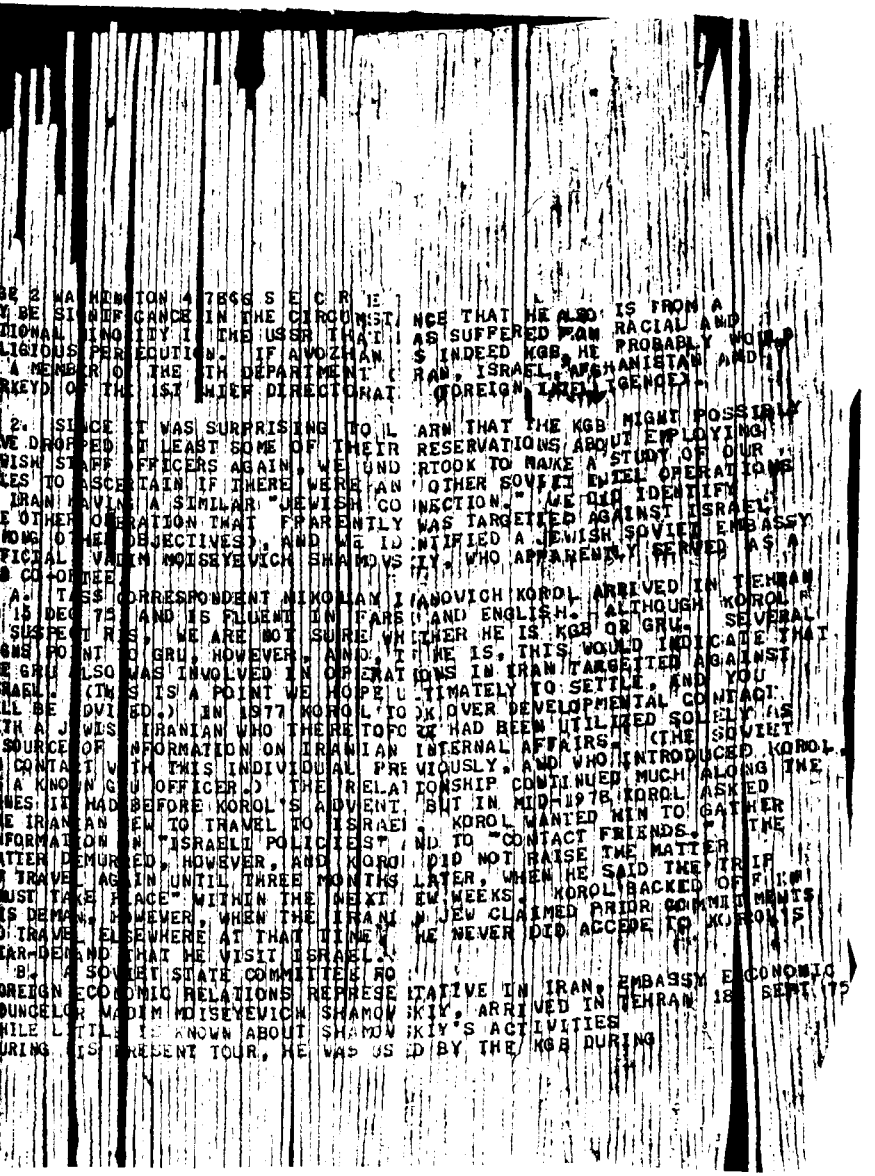
FROM: SECDYNE VIA NE/ISR, NE/IRAN

SUBJECT: ANTI-SOVIET RYBAT BACKTOP - SOVIET INTEL OPS RUN AGAINST ISRAEL FROM IRAN

1. AS OPS, TEL AVIV MAY RECALL, ON THE OCCASION OF ONE OF [illegible] HQS VISITS, THE IDEA OF IDENTIFYING TO THE ISRAELIS POSSIBLE [illegible] AND/OR [illegible] OPS BEING RUN AGAINST THEM FROM IRAN WAS DISCUSSED. [illegible] SEQUENCE TO THIS DISCUSSION, [illegible] QS PLANNED TO PROVIDE RELEVANT [illegible] MATERIAL TO TEL AVIV ONE [illegible] SECDYNE OFFICER SENT TDY TO TEHRAN [illegible] A COMPREHENSIVE ANALYSIS OF THE SOVIET INTEL PRESENCE, WHICH [illegible] HAS BEEN REQUESTED BY CGS, TEHRAN [illegible] LATE 1978. THE ANALYSIS WAS [illegible] IN FACT COMPLETED BEFORE TEHRAN STATION'S FILES HAD TO BE DESTROYED [illegible] PERTINENT MATERIAL IS PROVIDED BELOW WHICH MAY BE PASSED TO [illegible] LIAISON. UNFORTUNATELY, EVENTS IN IRAN HAVE DEVIATED ANY POSSIBLE [illegible] OPS WITH THE ISRAELIS IN CONJUNCTION WITH OUR TEHRAN [illegible] STATION. BUT IT MAY BE OF CI VALUE TO LIAISON AS AN INDICATION OF [illegible] MODUS OPERANDI USED BY THE SOVIETS IN A COUNTRY NEAR ISRAEL WHERE [illegible] A LARGE, INDIGENOUS JEWISH COMMUNITY (CA 45,000) EXISTED.

[illegible] LINE

1. AS YOU ARE AWARE, OUR OPERATION AGAINST YEVGENIY MOISEYEVICH KO [illegible] UTILIZING OUR AGENT "FARIDA" IN TEHRAN DID NOT SUCCEED IN ESTABLIS [illegible] A RELATIONSHIP WITH OUR TRANSPLANT OFFICER THAT COULD BE [illegible] EXPLOITED OPERATIONALLY AGAINST KOGUT BEFORE HIS PCS DEPARTURE FOR [illegible] THE USSR. THE OPERATION DID ESTABLISH, HOWEVER, THAT IN AT LEAST [illegible] THIS CASE, THE SOVIET INTEL SERVICE PROBABLY THE KGB) APPARENTLY WAS [illegible] ATTEMPTING TO MOUNT AN OPERATION OUT OF IRAN AGAINST ISRAEL USING [illegible] A JEWISH STAFF OFFICER (WHOSE [illegible] AIRONYMIC IS COMMONLY JEWISH), [illegible] WHO WAS POSING AS A JET [illegible] RECRUIT AN ISRAELI BUSINESSMAN [illegible] ALSO, THE SOVIETS DID NOT GIVE UP [illegible] "FARIDA" WHEN KOGUT DEPARTED [illegible] SINCE THEY ULTIMATELY PUT ANOTHER [illegible] SUSPECT IRIS, PROBABLY [illegible] KGB OFFICER, FELIKS GEORGIYEVICH [illegible] AVOZMAN, IN CONTACT WITH HIM. [illegible] EVEN HOUSE. AVOZMAN IS OF ARMENIAN RATHER THAN JEWISH ORIGIN. THERE



PAGE 2 WASHINGTON 4785 S E C R E T
MAY BE SIGNIFICANCE IN THE CIRCUMSTANCE THAT HE ALSO IS FROM A
NATIONALITY IN THE USSR THAT HAS SUFFERED FROM RACIAL AND
RELIGIOUS PERSECUTION. IF AVOZHAN IS INDEED KGB, HE PROBABLY WORKED
AS A MEMBER OF THE 7TH DEPARTMENT (IRAN, ISRAEL, AFGHANISTAN AND
PERSIAN GULF) OF THE 1ST CHIEF DIRECTORATE (FOREIGN INTELLIGENCE).

2. SINCE IT WAS SURPRISING TO LEARN THAT THE KGB MIGHT POSSIBLY
HAVE DROPPED AT LEAST SOME OF THEIR RESERVATIONS ABOUT EMPLOYING
JEWISH STAFF OFFICERS AGAIN, WE UNDERTOOK TO MAKE A STUDY OF OUR
FILES TO ASCERTAIN IF THERE WERE ANY OTHER SOVIET JEWISH OPERATIONS
IN IRAN HAVING A SIMILAR "JEWISH CONNECTION." WE DID IDENTIFY
ONE OTHER OPERATION THAT APPARENTLY WAS TARGETED AGAINST ISRAEL
(AMONG OTHER OBJECTIVES), AND WE IDENTIFIED A JEWISH SOVIET EMBASSY
OFFICIAL VADIM MOISEYEVICH SHAMOVSKIY, WHO APPARENTLY SERVED AS A
KGB CO-OPTEE.

A. TASS CORRESPONDENT MIKHAIL IVANOVICH KOROL ARRIVED IN TEHRAN
15 DEC 75 AND IS FLUENT IN FARSI AND ENGLISH. ALTHOUGH KOROL'S
SUSPECT RIS, WE ARE NOT SURE WHETHER HE IS KGB OR GRU. SEVERAL
THINGS POINT TO GRU, HOWEVER, AND IF HE IS, THIS WOULD INDICATE THAT
THE GRU ALSO WAS INVOLVED IN OPERATIONS IN IRAN TARGETED AGAINST
ISRAEL. (THIS IS A POINT WE HOPE ULTIMATELY TO SETTLE, AND YOU
WILL BE ADVISED.) IN 1977 KOROL TOOK OVER DEVELOPMENTAL CONTACT
WITH A JEWISH IRANIAN WHO THERETOFORE HAD BEEN UTILIZED SOLELY AS
A SOURCE OF INFORMATION ON IRANIAN INTERNAL AFFAIRS. (THE SOVIET
CONTACT WITH THIS INDIVIDUAL PREVIOUSLY, AND WHO INTRODUCED KOROL
TO A KNOWN GRU OFFICER.) THE RELATIONSHIP CONTINUED MUCH ALONG THE
LINES IT HAD BEFORE KOROL'S ADVENT, BUT IN MID-1978 KOROL ASKED
THE IRANIAN JEW TO TRAVEL TO ISRAEL. KOROL WANTED HIM TO GATHER
INFORMATION ON "ISRAELI POLICIES" AND TO "CONTACT FRIENDS." THE
MATTER DEMURRED, HOWEVER, AND KOROL DID NOT RAISE THE MATTER
AGAIN UNTIL THREE MONTHS LATER, WHEN HE SAID THE TRIP
MUST TAKE PLACE "WITHIN THE NEXT FEW WEEKS." KOROL BACKED OFF IN
THIS DEMAND, HOWEVER, WHEN THE IRANIAN JEW CLAIMED PRIOR COMMITMENTS
TO TRAVEL ELSEWHERE AT THAT TIME. HE NEVER DID ACCEDE TO KOROL'S
REARMED DEMAND THAT HE VISIT ISRAEL.

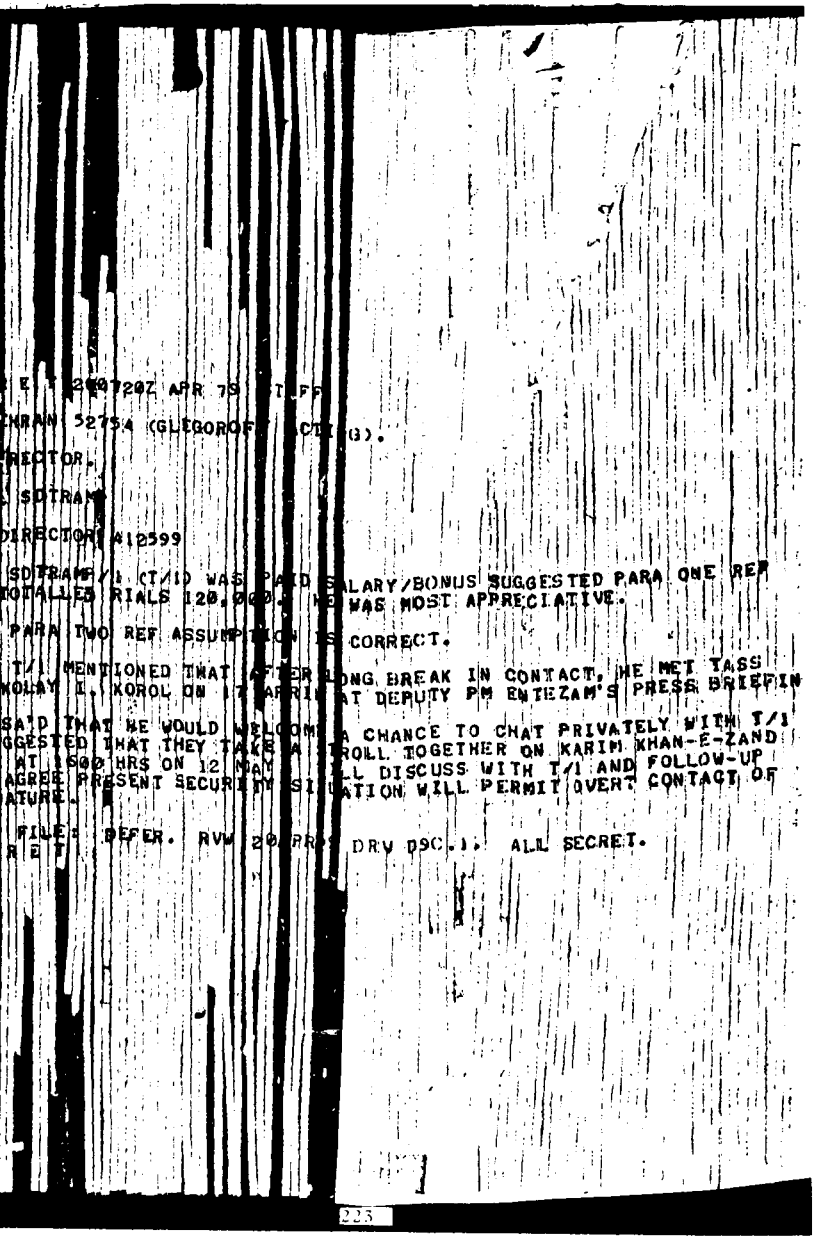
B. A SOVIET STATE COMMITTEE FOR FOREIGN ECONOMIC RELATIONS REPRESENTATIVE IN IRAN, EMBASSY ECONOMIC
COUNSELOR VADIM MOISEYEVICH SHAMOVSKIY, ARRIVED IN TEHRAN 18 SEPT 75
WHILE LITTLE IS KNOWN ABOUT SHAMOVSKIY'S ACTIVITIES
DURING HIS PRESENT TOUR, HE WAS USED BY THE KGB DURING

AGE 3 WASHINGTON 417866 S E C R E T
PREVIOUS TOUR (JAN 56-FEB 58) TO A SSIST IN THE RECRUITMENT OF AN
RANIAN IN THE MINISTRY OF FOREIGN T RADE. HE WAS THE SOVIET TRADE
ISSION TRANSLATOR (HE SPEAKS FLUENT FARSI AND ENGLISH) AT THE
IME. ALTHOUGH IT WOULD NOT HAVE BE EN OVERLY UNUSUAL FOR THE KGB
O HAVE CO-OPTED THE SERVICE OF THE R TRADE MISSION TRANSLATOR,
VEN IF HE WAS JEWISH, 20 YEARS AGO TO AID IN THE RECRUITMENT
F SOMEONE HE PRESUMABLY HAD NATURAL ACCESS TO, IT WOULD BE SIGNIFI
ANT IF HE WAS AGAIN CO-OPTED BY THE KGB IN HIS PRESENT HIGH
POSITION. THERE ARE SOME INDICATIO S THAT HE WAS, AND THERE IS A
CHANCE WE MAY BE ABLE TO DEVELOP FU THER INFORMATION. IF SO, YOU
ILL BE INFORMED IF IT APPEARS THAT THE RIS ATTEMPTED TO USE
SHAMOVSKIY'S JEWISH ANCESTRY OPERATI ONALLY.

2. FYI ONLY: DESPITE LOSS OF MUCH OF OUR OPERATIONAL CAPABILITY
AGAINST TARGETS SUCH AS THOSE DESCR BED ABOVE THAT WOULD BE OF
INTEREST TO ISRAELI INTELLIGENCE, AND DESPITE THE LATTER'S OWN LOSS OF
AN IRANIAN OPERATIONAL BASE WITH THE FLIGHT OF THE LARGE JEWISH
COMMUNITY THERE, WE ARE INTERESTED IN LEARNING MORE ABOUT THIS
APPARENT RISMO FOR OPERATING AGAINST ISRAEL, AND ABOUT THE SOVIETS
MENTIONED ABOVE. ANY COMMENTS OR INFO LIAISON MAY HAVE WOULD BE VE
WELCOME. THE IRANIAN JEW WHO KOROL WAS PURSUING IS SDTRAMP/1,
A PUBLISHER AND RETIRED MINISTRY OF INFORMATION OFFICIAL WHO
SERVED AS OUR ACCESS AGENT. SAVAK ALSO WAS AWARE OF SDTRAMP/1'S
CONTACT WITH KOROL. IN THE COURSE OF A NOV 75 REACTION SGSWIRL
EXAMINATION, SDTRAMP/1 SAID HE HAD NEVER WORKED FOR AN ISRAELI
SERVICE, BUT HE DID ADMIT TO HAVING A FAIRLY CLOSE RELATIONSHIP WIT
A SOLOMAN DYAN, WHOM SUBJECT FELT C OULD POSSIBLY BE AN ISRAELI INTE
OFFICER. THERE ARE NO HQS TRACES O N DYAN.

FILE: 201-0[illegible]353395, 201-[illegible]952667, 201-090949,
201-0[illegible]56558, 201-086774 RVW 27 MAR 79 DRV D9C1 BY 032081,
ALL SECRET

CDS COMMENT: TEHRAN ADVISED PER HEADQUARTERS REQUEST
'S E C R E T



E [illegible]2609720Z APR 75 [illegible]TLFF

[illegible]HRAN 52754 (GLEBOROF [illegible] CTI (3).

RECTOR.

[illegible] SDTRAM

DIRECTOR 412599

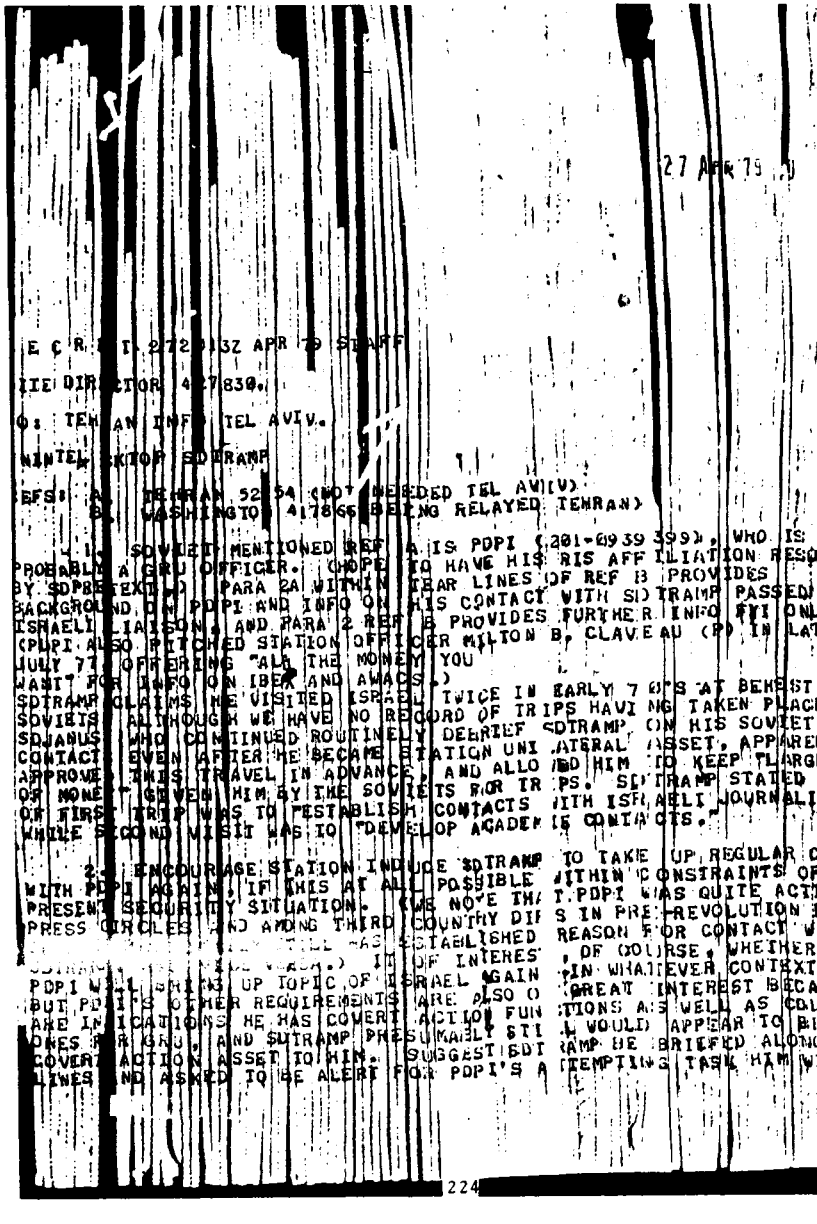
SDTRAM/1 CTMID WAS [illegible]D SALARY/BONUS SUGGESTED PARA ONE REF
TOMALLES RIALS 120,000. HE WAS MOST APPRECIATIVE.

PARA TWO REF ASSUMPTION IS CORRECT.

T/1 MENTIONED THAT AFTER LONG BREAK IN CONTACT, HE MET TASS
KOLAY I. KOROL ON 17 APRIL AT DEPUTY PM ENTEZAM'S PRESS BRIEFIN

SAID THAT HE WOULD WELCOME A CHANCE TO CHAT PRIVATELY WITH T/1
GGESTED THAT THEY TAKE A STROLL TOGETHER ON KARIM KHAN-E-ZAND
AT 1500 HRS ON 12 MAY. [illegible]LL DISCUSS WITH T/1 AND FOLLOW-UP
AGREE. PRESENT SECURITY SITUATION WILL PERMIT OVERT CONTACT OF
ATURE.

FILE: DEFER. RVW 20[illegible] DRV DOC.). ALL SECRET.
R E T



27 APR 79

E C R E T 272132Z APR 79 STAFF

IE DIRECTOR 427839.

O: TEHRAN INFO TEL AVIV.

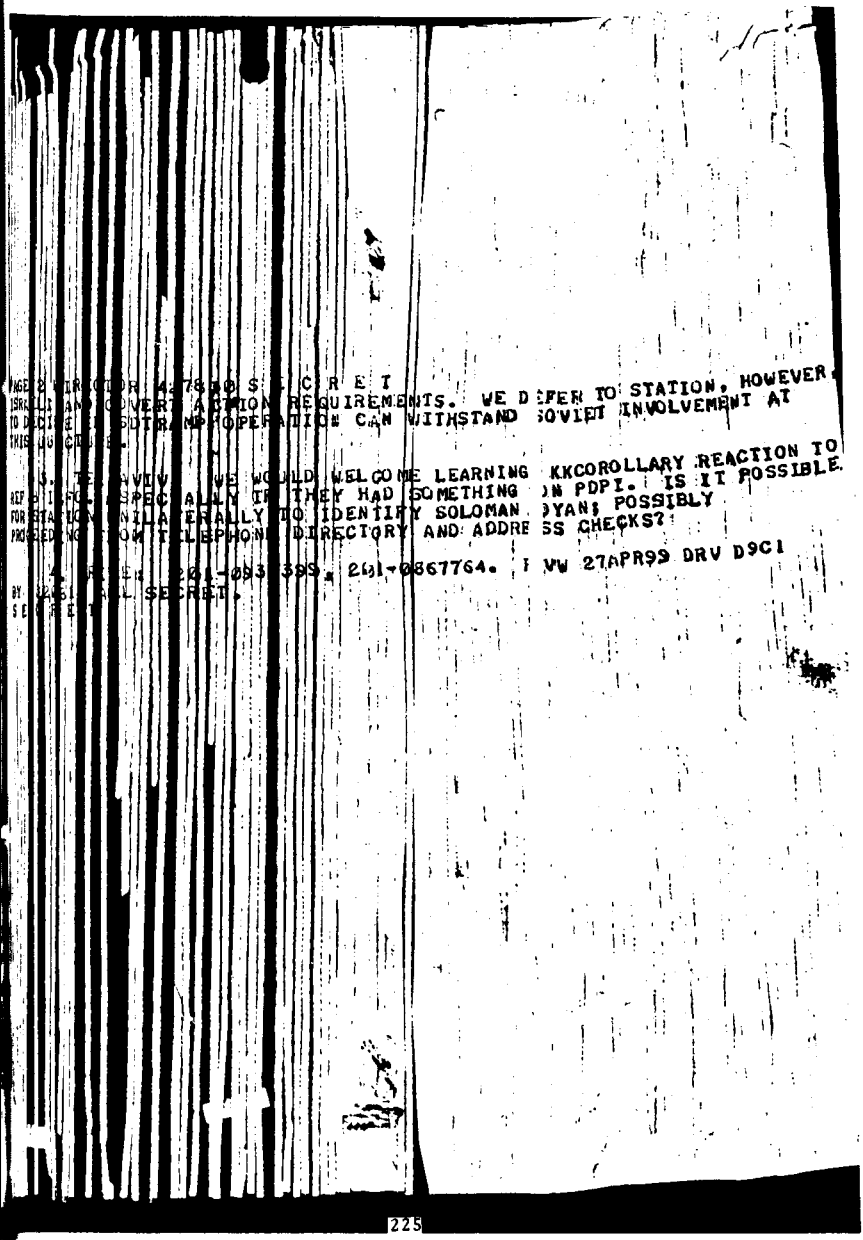
INTEL: SDTRAMP

EFS: A. TEHRAN 5264 (NOT NEEDED TEL AVIV)
B. WASHINGTON 417866 (BEING RELAYED TEHRAN)

1. SOVIET MENTIONED REF A IS PDPI (201-0939399), WHO IS
PROBABLY A GRU OFFICER. HOPE TO HAVE HIS RIS AFFILIATION RESO
BY SDPRETEXT.) PARA 2A WITHIN TEAR LINES OF REF B PROVIDES
BACKGROUND ON PDPI AND INFO ON HIS CONTACT WITH SDTRAMP. PASSED
ISRAELI LIAISON, AND PARA 2 REF B PROVIDES FURTHER INFO ON
(PDPI ALSO PITCHED STATION OFFICER MILTON B. CLAVEAU (PD IN LA
JULY 77, OFFERING "ALL THE MONEY YOU
WANT" FOR INFO ON IBEX AND AWACS.)
SDTRAMP CLAIMS HE VISITED ISRAEL TWICE IN EARLY 70'S AT BEHEST
SOVIETS ALTHOUGH WE HAVE NO RECORD OF TRIPS HAVING TAKEN PLACE
SDJANUS, WHO CONTINUED ROUTINELY DEBRIEF SDTRAMP ON HIS SOVIET
CONTACTS EVEN AFTER HE BECAME STATION UNILATERAL ASSET, APPARE
APPROVED THIS TRAVEL IN ADVANCE, AND ALLOWED HIM TO KEEP LARGE
OF MONEY GIVEN HIM BY THE SOVIETS FOR TRIPS. SDTRAMP STATED
OF FIRST TRIP WAS TO ESTABLISH CONTACTS WITH ISRAELI JOURNALI
WHILE SECOND VISIT WAS TO "DEVELOP ACADEMIC CONTACTS."

2. ENCOURAGE STATION INDUCE SDTRAMP TO TAKE UP REGULAR C
WITH PDPI AGAIN, IF THIS AT ALL POSSIBLE WITHIN CONSTRAINTS OF
PRESENT SECURITY SITUATION. (WE NOTE THAT PDPI WAS QUITE ACTI
PRESS CIRCLES AND AMONG THIRD COUNTRY DIPS IN PRE-REVOLUTION
ESTABLISHED REASON FOR CONTACT W
, OF COURSE, WHETHER
IN WHATEVER CONTEXT
GREAT INTEREST BECA
TIONS AS WELL AS CO
L WOULD APPEAR TO BE
RAMP BE BRIEFED ALONG
TEMPTING TASK HIM W

3. (SECRET NOFORN) IN OF INTERES
PDPI WILL BRING UP TOPIC OF ISRAEL AGAIN
BUT PDPI'S OTHER REQUIREMENTS ARE ALSO O
ARE INDICATIONS HE HAS COVERT ACTION FUN
ONES FOR GRU, AND SDTRAMP PRESUMABLY STI
COVERT ACTION ASSET TO HIM. SUGGEST SDT
LINES AND ASKED TO BE ALERT FOR PDPI'S A

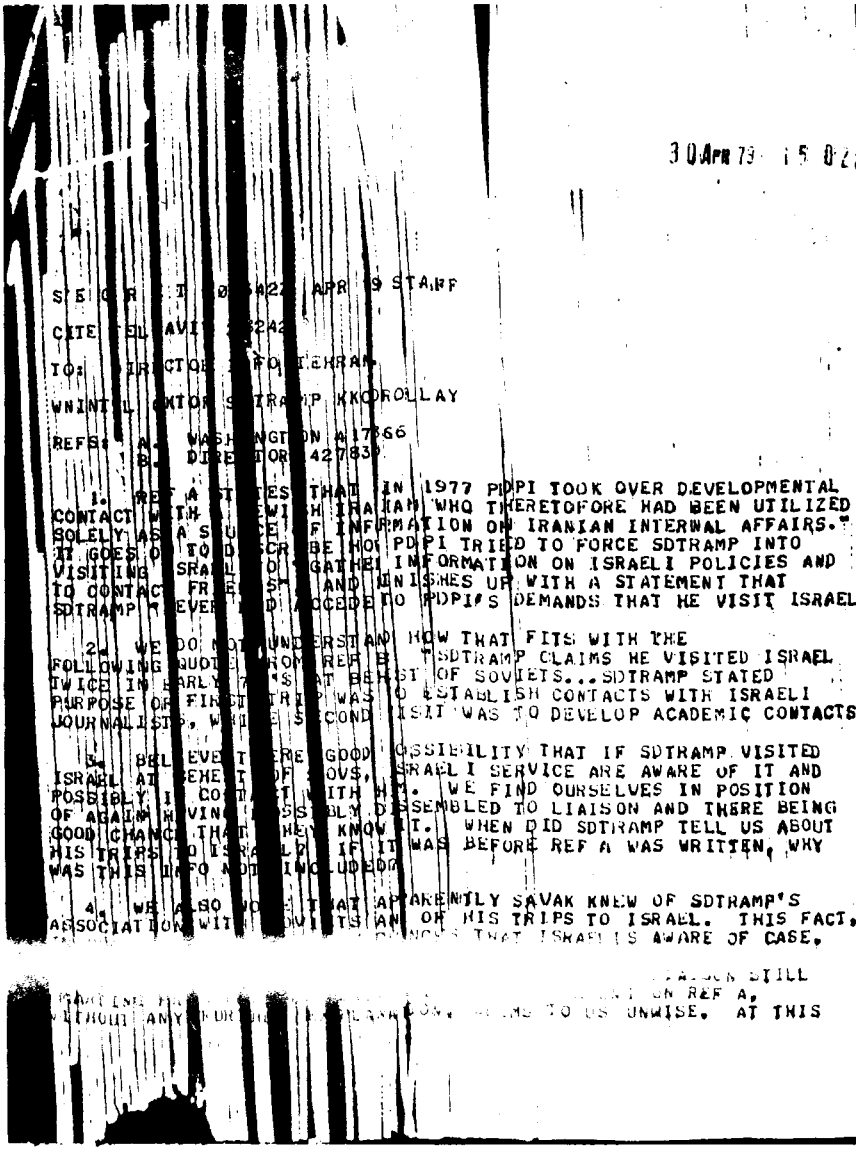


PAGE 2 DIRECTOR 477640 S E C R E T
ISRAELI AND COVERT ACTION REQUIREMENTS. WE DEFER TO STATION, HOWEVER,
TO DECIDE IF SUCH OPERATION CAN WITHSTAND SOVIET INVOLVEMENT AT
THIS JUNCTURE.

3. TEL AVIV WOULD WELCOME LEARNING KKCOROLLARY REACTION TO
REF D INFO, ESPECIALLY IF THEY HAD SOMETHING ON PDPI. IS IT POSSIBLE
FOR STATION MANILA DISCREETLY TO IDENTIFY SOLOMAN DYAN; POSSIBLY
PROCEEDING FROM TELEPHONE DIRECTORY AND ADDRESS CHECKS?

4. [illegible] 201-093399; 201-0867764. [illegible] WW 27APR99 DRV D9C1

BY [illegible] ALL SECRET.
S E C R E T



30 APR 79 15 02

S E C R E T 30422 APR 79 STAFF

CITE TEL AVIV 3242

TO: DIRECTOR INFO TEHRAN

WNINTEL DIRECTOR STRAMP KKORDULAY

REFS: A. WASHINGTON 17866
B. DIRECTOR 42783

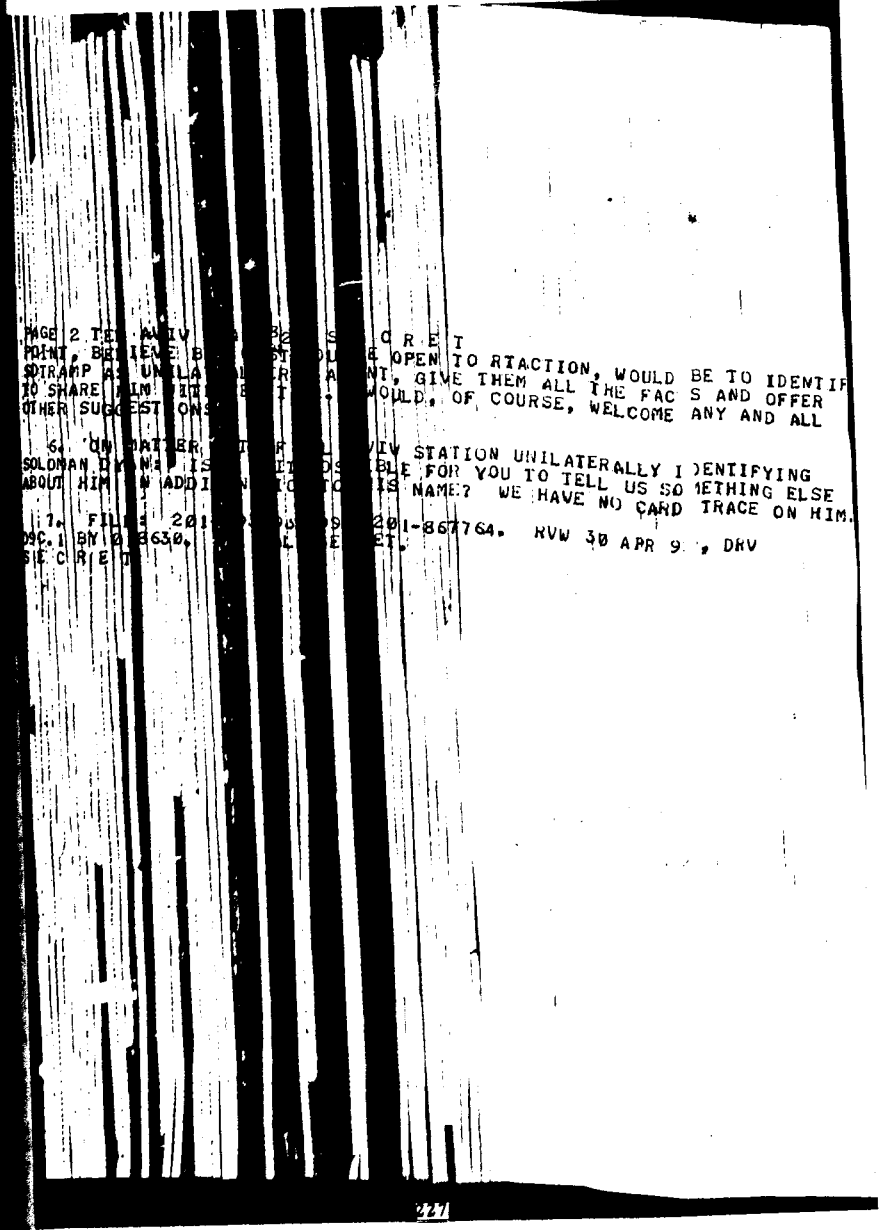
1. REF A STATES THAT IN 1977 PDPI TOOK OVER DEVELOPMENTAL CONTACT WITH [illegible] WHO THERETOFORE HAD BEEN UTILIZED SOLELY AS A SOURCE OF INFORMATION ON IRANIAN INTERNAL AFFAIRS." IT GOES ON TO DESCRIBE HOW PDPI TRIED TO FORCE SDTRAMP INTO VISITING ISRAEL TO GATHER INFORMATION ON ISRAELI POLICIES AND TO CONTACT FREEDMAN AND MINISHES UP WITH A STATEMENT THAT SDTRAMP NEVERTHELESS ACCEDED TO PDPI'S DEMANDS THAT HE VISIT ISRAEL.

2. WE DO NOT UNDERSTAND HOW THAT FITS WITH THE FOLLOWING QUOTE FROM REF B: "SDTRAMP CLAIMS HE VISITED ISRAEL TWICE IN EARLY 70'S AT BEHEST OF SOVIETS...SDTRAMP STATED PURPOSE OF FIRST TRIP WAS TO ESTABLISH CONTACTS WITH ISRAELI JOURNALISTS, WHILE SECOND VISIT WAS TO DEVELOP ACADEMIC CONTACTS

3. BELIEVE THERE GOOD POSSIBILITY THAT IF SDTRAMP VISITED ISRAEL AT BEHEST OF SOVS, ISRAELI SERVICE ARE AWARE OF IT AND POSSIBLY IN CONTACT WITH HIM. WE FIND OURSELVES IN POSITION OF AGAIN HAVING POSSIBLY DISSEMBLED TO LIAISON AND THERE BEING GOOD CHANCE THAT THEY KNOW IT. WHEN DID SDTRAMP TELL US ABOUT HIS TRIPS TO ISRAEL? IF IT WAS BEFORE REF A WAS WRITTEN, WHY WAS THIS INFO ADDED INCLUDED?

4. WE ALSO NOTE THAT APPARENTLY SAVAK KNEW OF SDTRAMP'S ASSOCIATION WITH [illegible] VISITS AND OF HIS TRIPS TO ISRAEL. THIS FACT, [illegible] THAT ISRAELIS AWARE OF CASE.

[illegible] STILL [illegible] ON REF A, WITHOUT ANY [illegible] SEEMS TO US UNWISE. AT THIS



PAGE 2 TEL AVIV [illegible] SECRET
POINT, BELIEVE [illegible] OPEN TO RTACTION, WOULD BE TO IDENTIF
SDTRAMP AS UNILA[illegible]NT, GIVE THEM ALL THE FAC S AND OFFER
TO SHARE HIM WITH [illegible]. WOULD, OF COURSE, WELCOME ANY AND ALL
OTHER SUGGESTIONS [illegible].

6. ON MATTER OF [illegible] VIV STATION UNILATERALLY I DENTIFYING
SOLOMAN DYAN[illegible] IS [illegible]BLE FOR YOU TO TELL US SO METHING ELSE
ABOUT HIM IN ADDI[illegible]IS NAME? WE HAVE NO CARD TRACE ON HIM.

7. FILE[illegible] 201-867764. RVW 30 APR 9[illegible], DRV
DOC.1 BY 0[illegible]3630.
SE CRE[illegible]

S E [redacted] R E T [redacted] MAY 79 STAFF

CITE TEHRAN 5[redacted] (GLEICHOFF ACTING)

TO: PRIORITY [redacted] INFO TEL AVIV.

EYES ONLY CHIEF, [redacted] STAFF

REFS: A. WASHINGTON [redacted]
B. DIRECTOR [redacted]
C. TEL AVIV [redacted]

1. WHILE REVIEWING [redacted] OF PAST/PRESENT CONTACTS AND PRIOR TO RECEIPT OF REF B, STAFF/[redacted] (T/I) MENTIONED IN PASSING THAT HIS KNOWLEDGE [redacted] HAS NEVER BEEN IN TOUCH WITH ISRAELI INTELLIGENCE STATION MEMORY MAY BE FAULTY ON THIS POINT, BUT BELIEVE WHAT [redacted] SOMEWHAT SUPPORTS T/I'S STATEMENT. WITHOUT ADDITIONAL INFO, STA-1 NOT PREPARED TO BELIEVE THAT ISRAELIS AWARE OF NATURE OF T/I TRIPS TO ISRAEL OR THAT SAVAK FED ISRAELIS OPERATIONAL INFO RE T/I. BELIEVE WITHIN THIS IMPERFECT WORLD, SUBJECT WILL REMAIN A MOOT POINT UNLESS T/I IS DEBRIEFED ON HIS TRIPS IN DETAIL, INCLUDING PAST CONTACTS WITH SOVIETS, RELATIONSHIP WITH SAVAK, ETC. STATION IS PREPARED TO DO THIS IF HEADQUARTERS BELIEVES THAT AVAILABLE INFO IS INADEQUATE.

2. HOWEVER, [redacted] OBSERVATIONS EXPRESSED REF C, SUGGEST ENTIRE PROBLEM MAY BE AVOIDED BY NOT REFERRING TO SOVIET [redacted] OF T/I AT ALL. ESPECIALLY WHEN WE OURSELVES LACK THE DETAILS. ANY EVENT, BIT CONCERNS STATION VERY OPPOSED TO SURFACING T/I OPERATION TO [redacted] FOLLOW WITH [redacted] CONFRONTING HIM JOINTLY. PARA FIVE REF SUGGESTION [redacted] COMPLICATE AN ALREADY DIFFICULT HANDLING SITUATION IN [redacted] AND MIGHT ALSO PROVE TO BE SOMETHING OF A DISAPPOINTMENT AS IT IS UNLIKELY THAT T/I WILL AGREE TO BE USED IN BED WITH SOVIETS UNDER WATCHFUL EYE OF ANTI-COMMUNIST KUHLA REGIME WHICH NOW IN POWER IN IRAN.

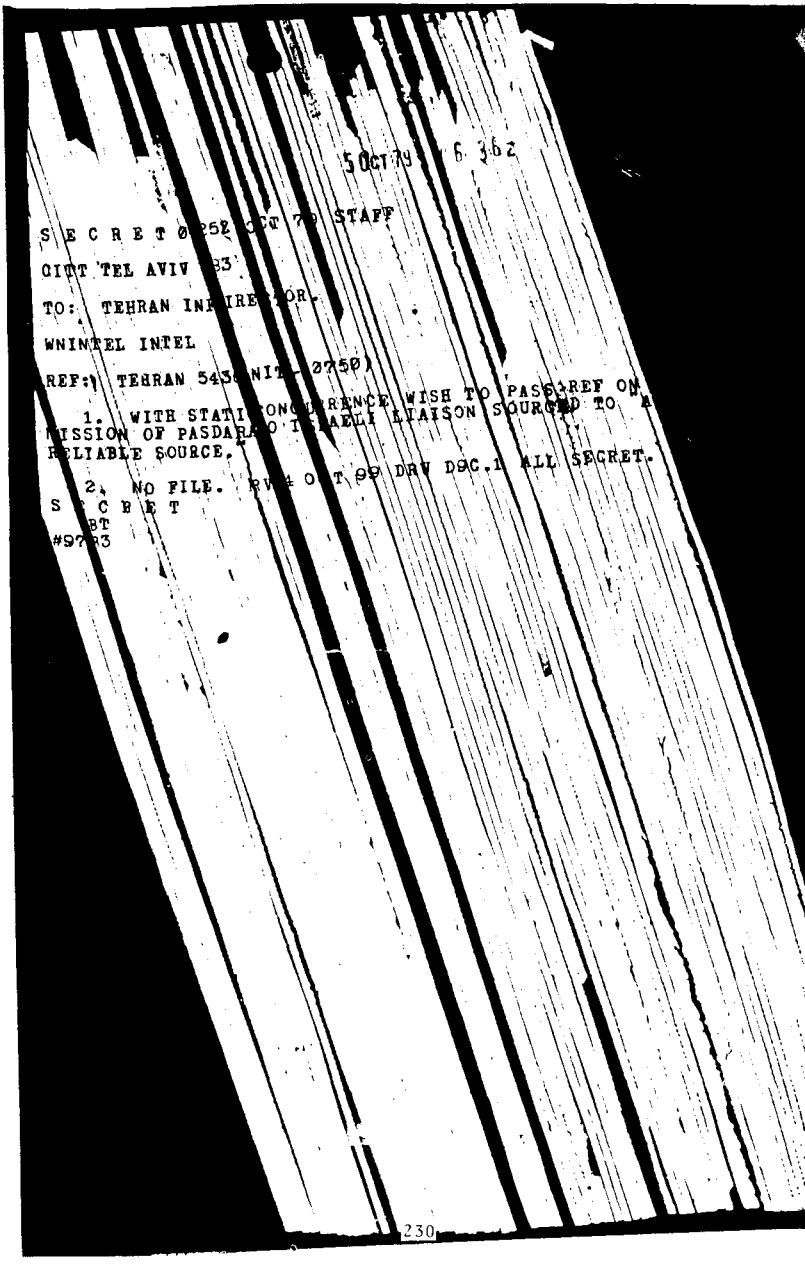
3. FILE REFS [redacted] RVW [redacted] DOC. ALL SECRET.

S E C R E T

OF MIND. PDPI
MISUNDERSTOOD. MATTER
PDPI CONTACTS VIRTUALLY TERM

3. AT ABOUT SAME TIME, PDPI
SDTRAMP, STATION ASSET WHO HAS BEEN RUN AGAINST
FOR SOME TIME. THIS FACT, AND PITCH TO C/O, LED TO IDEN..
OF PDPI AS KNOWN RIS (GRU BASED ON HIS PRIMARY INTEREST IN
MILITARY MATTERS AND FACT THAT SDTRAMP'S PREVIOUS SOV HANDLERS
WERE KNOWN GRU).

4. PDPI CONTINUED MEETING WITH SDTRAMP AND URGED
(LATER DIRECTED) HIM TO TRAVEL TO ISRAEL TO COLLECT INFORMATION,
SINCE SDTRAMP IS IRANIANJEV. THIS IN TURN LED TO LENGTHY BUT
UNRELATED EXCHANGE CONCERNING EQUITIES OF REPORTING THIS FACT



5 OCT 79 6 362

S E C R E T 0525Z OCT 79 STAFF

CITT TEL AVIV 83

TO: TEHRAN INFO DIRECTOR

WNINTEL INTEL

REF: A) TEHRAN 5436 (NOTAL 2750)

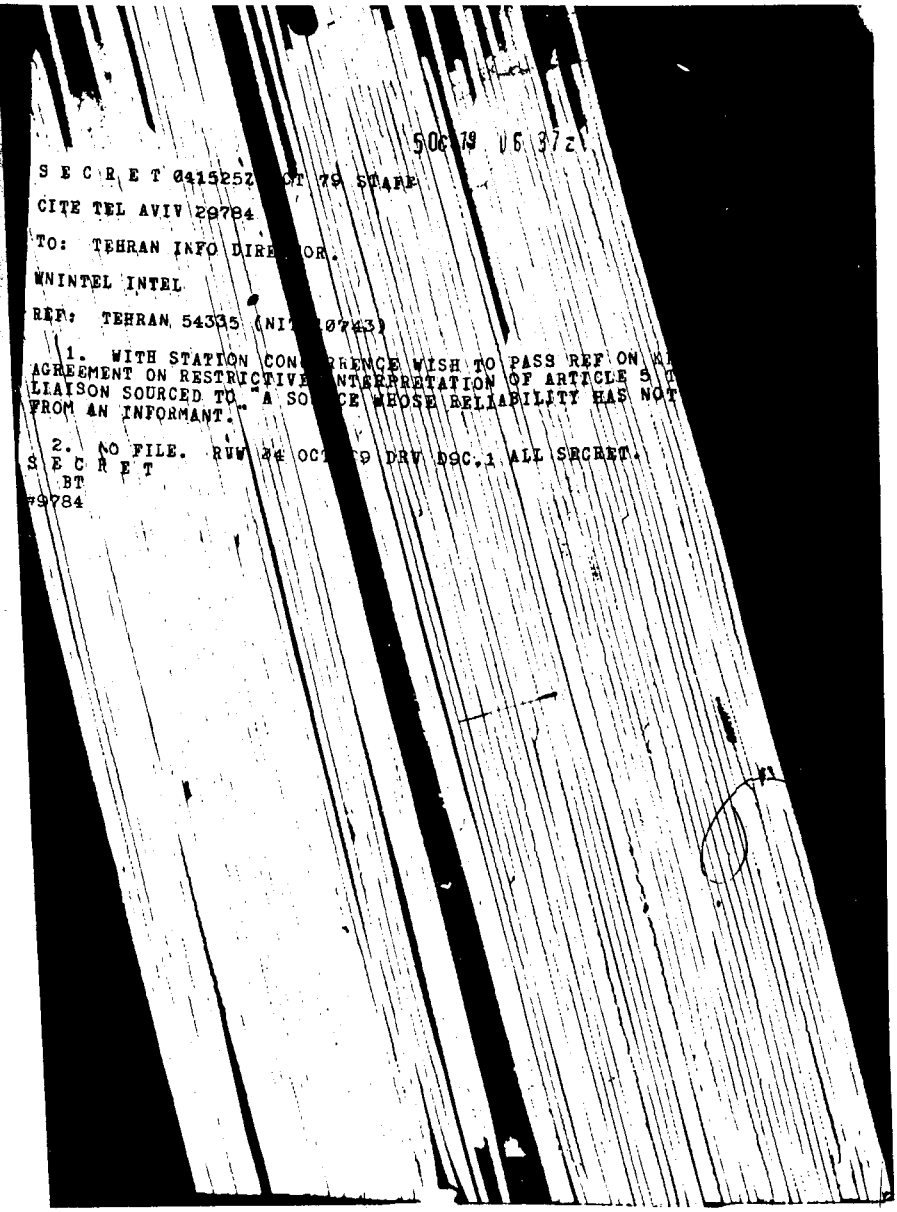
1. WITH STATI CONCURRENCE WISH TO PASS REF ON MISSION OF PASDARAN TO ISRAELI LIAISON SOURCED TO A RELIABLE SOURCE.

2. NO FILE. RVW 5 OCT 99 DRV DOC.1 ALL SECRET.

S E C R E T

BT

#9783



S E C R E T 0415252 OCT 79 STATE

CITE TEL AVIV 29784

TO: TEHRAN INFO DIRECTOR.

WNINTEL INTEL

REF: TEHRAN 54335 (NI[illegible]0743)

1. WITH STATION CONCURRENCE WISH TO PASS REF ON [illegible] AGREEMENT ON RESTRICTIVE INTERPRETATION OF ARTICLE 5 [illegible] LIAISON SOURCED TO A SOURCE WHOSE RELIABILITY HAS NOT FROM AN INFORMANT.

2. NO FILE. RVW 24 OCT 99 DRV DOC.1 ALL SECRET.

S E C R E T
BT
#9784

AUG 1

S E C R E T 0313152 AUG 79 DEFERRED TELEPOUCH

CITE WASHINGTON 488214.

TO: TEL AVIV INFO TEHRAN.

FM: NE/ISR INFO NE/IRAN

SUBJECT: WNINTEL KKCOMPOUND - TARGETING IRANIAN INTELLIGENCE

REFS: A. TEL AVIV 29103
B. WASHINGTON 468334

1. REGRET DELAY RESPONDING TO REF. WE WOULD BE INTERESTED IN LEARNING THE NAMES OF THE TWENTY-FIVE MEMBERS OF THE RESEARCH COMMITTEE WHO KKCOMPOUND'S SOURCE CLAIMS TO KNOW. SHOULD KKCOMPOUND DECIDE TO PROVIDE THEM TO US, WE ARE WILLING TO FURNISH TRACES. SHOULD ANY OF THAT NUMBER APPEAR TO HAVE ACCESS AND VULNERABILITIES AND BE ACCESSIBLE TO US BUT NOT TO THEM, WE WOULD BE WILLING TO CONSIDER MOUNTING AN OPERATION AND SHARING THE PRODUCT.

2. CONCERNING PARAGRAPH TWO OF REFERENCE, STATION WAS CORRECT IN DIVERTING LIAISON FROM FOCUSING ON IRANIAN STUDENTS IN THE U.S. AT THIS TIME WE HAVE NO LEADS TO SUSCEPTIBLE IRANIAN STUDENTS IN EUROPE WHO WERE FORMERLY IN THE U.S. IF WE DID, IT IS UNLIKELY WE WOULD NEED KKCOMPOUND'S ASSISTANCE TO EXPLOIT THEM. AS STATED IN REF B, HOWEVER, IF KKCOMPOUND HAS CONTACT WITH POTENTIALLY RECRUITABLE IRANIAN STUDENTS OUTSIDE IRAN AND FOR ONE REASON OR ANOTHER NEEDS OUR ASSISTANCE IN MAKING AN APPROACH, WE WOULD BE WILLING TO REVIEW THE PROPOSAL AND CONSIDER A JOINT OPERATION.

3. FIL: 41-5-17. RVW 2AUG09 DRV D9B.2.

S E C R E T
BT
#2393

31 Aug 79 03 20Z

SECRET 3016172 AUG 79 STAFF

CITE TEL AVIV 29496

TO: DIRECTOR INFO BEIRUT, KUWAIT, MANAMA, ABU DHABI, ADEN, MUSCAT, TEHRAN.

WINTEL INTEL FGI

1. THE FOLLOWING IS A LIAISON REPORT ON A FATAH REQUEST FOR INFORMATION ON AMERICAN TARGETS IN PERSIAN GULF. IT WAS PASSED TO STATION ON 30 AUGUST 1979 WITH A DOI AUGUST 79--NO SPECIFIC DATE-- AND SOURCED TO AN INDIVIDUAL CLOSE TO PLO CIRCLES IN THE MIDDLE EAST AND RELIABLE.

"FATAH HQ DISPATCHED A SECRET REPORT TO ITS REPRESENTATIVES AND HEADS OF OFFICES IN KUWAIT, ABU DHABI AND ADEN, REQUESTING TO PREPARE WELL-TRAINED MEN AND TO OBTAIN INFORMATION ON CENTERS AND OFFICES IN THE PERSIAN GULF CONNECTED WITH THE UNITED STATES SO THAT THEY COULD BE ATTACKED SOON."

2. THE INFORMATION IS BEING MADE AVAILABLE IN THIS FORMAT DUE TO ITS THINNESS.

3. NO FILE. RVW 30 AUG 09, DRV D9B.2 BY 018630. ALL SECRET.

SECRET
BT
#9496

S E C R E T 150[illegible]Z SEP 79 STAFF

CITE DIRECTOR 5142[illegible]7.

TO: TEL AVIV INFO TEHRAN, DAMASCUS, AMMAN, [illegible] IRUT[illegible]

INTEL INTEL

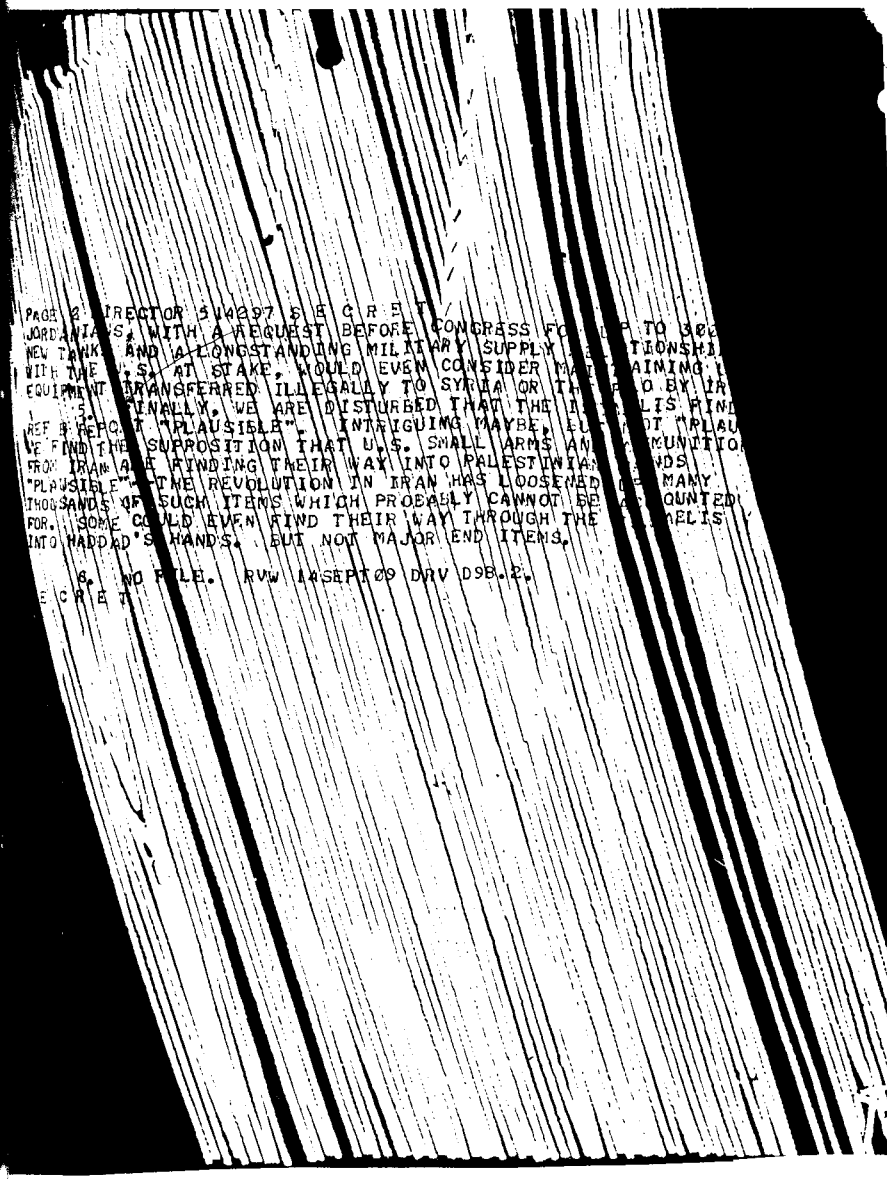
REFS: A. TEL AVIV 2[illegible]65
B. TEL AVIV 2[illegible]57 (BEING RELAYED BEIRUT)

1. REGARDING THE POSSIBLE TRANSFER BY IRAN OF [illegible]
PRODUCED WEAPONS TO SYRIA AND THE PLO, HQS IS IN THE P[illegible]
OF DISSEMING REF A BUT IS SKEPTICAL ABOUT REF B INFORM[illegible]
THE COMMENTS BELOW ARE FOR STATION USE IN DISCUSSIONS [illegible]
LIAISON AND IN SCREENING FUTURE REPORTING ON THIS SUBJE[illegible]

2. FIRST, WE DOUBT SERIOUSLY THAT IRAN IS REALLY [illegible]
CONSIDERING TRANSFERRING ANY OF ITS MAJOR U.S. WEAPONS S[illegible]
SUCH AS THOSE LISTED IN REF B, TO ANYONE AT THIS TI[illegible]
ALTHOUGH SOME IRANIAN OFFICIALS MAY HAVE MUSED ABOUT THE[illegible]
IDEA. TRANSFERRING ANY WEAPONS NOW WOULD JEOPARDIZE IRAN'[illegible]
MILITARY SUPPLY RELATIONSHIP WITH THE U.S., SOMETHING WHIC[illegible]
IS BY NO MEANS DEAD. (NOTE THAT THE U.S. ONLY RECENTLY
AGREED TO SELL IRAN A FEW MILLION DOLLARS WORTH OF SPARES
AND AMMUNITION TO THE IRANIAN GOVERNMENT'S REQUEST.) WE ARE
SURE THAT THE ISRAELIS, WITH THEIR EXPERIENCE ON THE U.S. SKLIT
OF U.S. ARMS TRANSFERS, UNDERSTAND THIS.

3. SECONDLY, THE U.S. WOULD ALMOST CERTAINLY NOT [illegible]APER
THE TRANSFER OF ARMS FROM IRAN TO EITHER SYRIA OR THE PL[illegible]
EVEN IF IRAN WENT THROUGH AN ILLEGAL CHANNEL TO DO SO, TH[illegible]
INTRODUCTION OF U.S. WEAPONS INTO SYRIAN INVENTORIES COUL[illegible]
WELL BE MORE TROUBLE FOR THE LARGELY SOVIET-SUPPLIED SYRIA[illegible]S
THAN IT WOULD BE WORTH. MOREOVER, THERE ARE INDICATIONS T[illegible]AT
THE SYRIANS ARE AGAIN RECEIVING NEW SOVIET ARMS AT A STEAD[illegible]
RATE, INCLUDING ADVANCED ITEMS SUCH AS T-72 TANKS AND MIG-[illegible]
IRCRA[illegible] WITH WHICH THE SYRIANS WILL HAVE THEIR HANDS FULL.

4. THIRDLY, WE FIND IT ALMOST INCONCEIVABLE THAT THE



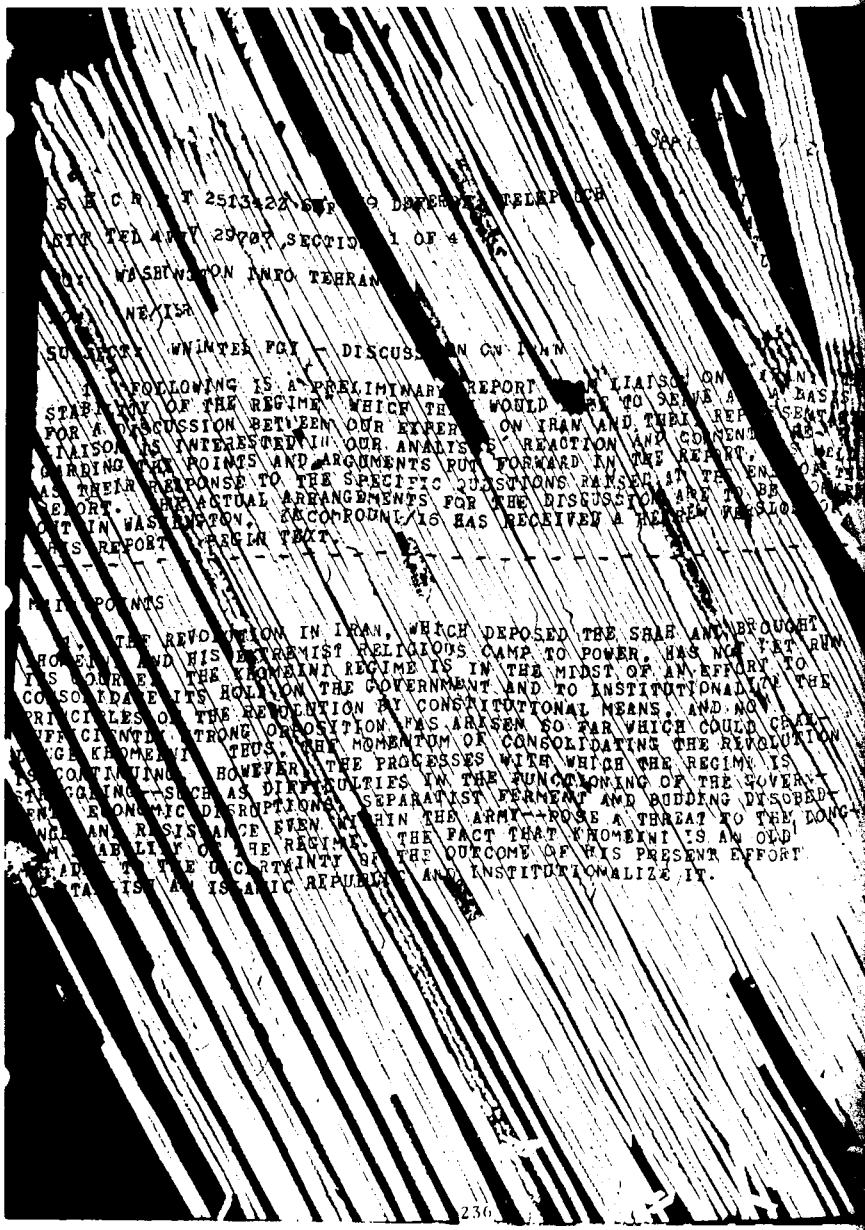
PAGE 2 DIRECTOR 340297 S E C R E T

JORDANIANS, WITH A REQUEST BEFORE CONGRESS FO[illegible] UP TO 300
NEW HAWK AND ALLONGSTANDING MILITARY SUPPLY [illegible] TIONSHI
WITH THE U.S. AT STAKE, WOULD EVEN CONSIDER MA[illegible] AINING
EQUIPMENT TRANSFERRED ILLEGALLY TO SYRIA OR TH[illegible] O BY IR

5. FINALLY, WE ARE DISTURBED THAT THE I[illegible] LIS FIND
REF B REPO[illegible] "PLAUSIBLE". INTRIGUING MAYBE, BU[illegible] OT "PLAU
E FIND THE SUPPOSITION THAT U.S. SMALL ARMS AN[illegible] MUNITIO
FROM IRAN ARE FINDING THEIR WAY INTO PALESTINIA[illegible] NDS
"PLAUSIBLE". THE REVOLUTION IN IRAN HAS LOOSENED [illegible] MANY
THOUSANDS OF SUCH ITEMS WHICH PROBABLY CANNOT BE [illegible] OUNTED
FOR. SOME COULD EVEN FIND THEIR WAY THROUGH THE [illegible] MELIS
INTO HADDAD'S HANDS. BUT NOT MAJOR END ITEMS.

6. NO FILE. RVW 14SEPT09 DRV D98.2.

E C R E T



S E C R E T 2513422 [illegible] 79 DEPARTMENT TELEGRAM

STATE TEL 4[illegible] 29707 SECTION 1 OF 4

TO: WASHINGTON INFO TEHRAN

NEA/IRN

SUBJECT: WNINTEL FGI - DISCUSSION ON IRAN

1. THE FOLLOWING IS A PRELIMINARY REPORT FROM LIAISON ON [illegible] STABILITY OF THE REGIME WHICH THEY WOULD LIKE TO SERVE AS A BASIS FOR A DISCUSSION BETWEEN OUR EXPERTS ON IRAN AND THEIR REPRESENTATIVES. LIAISON IS INTERESTED IN OUR ANALYSIS, REACTION AND COMMENTS REGARDING THE POINTS AND ARGUMENTS PUT FORWARD IN THE REPORT, AS WELL AS THEIR RESPONSE TO THE SPECIFIC QUESTIONS RAISED IN THE END OF THE REPORT. THE ACTUAL ARRANGEMENTS FOR THE DISCUSSION ARE TO BE WORKED OUT IN WASHINGTON. EMCOMPOUND 16 HAS RECEIVED A REPORT. BEGIN TEXT.

KEY POINTS

1. THE REVOLUTION IN IRAN, WHICH DEPOSED THE SHAH AND BROUGHT KHOMEINI AND HIS EXTREMIST RELIGIOUS CAMP TO POWER, HAS NOT YET RUN ITS COURSE. THE KHOMEINI REGIME IS IN THE MIDST OF AN EFFORT TO CONSOLIDATE ITS HOLD ON THE GOVERNMENT AND TO INSTITUTIONALIZE THE PRINCIPLES OF THE REVOLUTION BY CONSTITUTIONAL MEANS, AND NO EFFICIENTLY STRONG OPPOSITION HAS ARISEN SO FAR WHICH COULD CHALLENGE KHOMEINI. THUS, THE MOMENTUM OF CONSOLIDATING THE REVOLUTION IS CONTINUING. HOWEVER, THE PROCESSES WITH WHICH THE REGIME IS STRUGGLING--SUCH AS DIFFICULTIES IN THE FUNCTIONING OF THE GOVERNMENT, ECONOMIC DISRUPTIONS, SEPARATIST FERMENT AND BUDDING DISSIDENCE AND RESISTANCE EVEN WITHIN THE ARMY--POSE A THREAT TO THE LONG-RANGE STABILITY OF THE REGIME. THE FACT THAT KHOMEINI IS AN OLD MAN ADDS TO THE UNCERTAINTY OF THE OUTCOME OF HIS PRESENT EFFORT TO CONSOLIDATE AND INSTITUTIONALIZE IT.

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E. REGARDLESS OF WHETHER THEY ARE HOME-GROWN OR WHETHER
ARE CAUSED BY ACTIVITY COMING FROM OUTSIDE COUNTRY,
FOLLOWING DEVELOPMENTS, WHICH MIGHT BE INTER-LINKED, COULD
BRING ABOUT A SIGNIFICANT CHANGE:

A) EXACERBATION OF THE POLITICAL STRUGGLE, EITHER OF
DUE TO CONFRONTATION WITH THE ORGANIZED LEFT, OR BOTH AND ESP-
INCREASING POLITICAL INVOLVEMENT ON THE PART OF THE ARMY AND ESP-
ECIALLY IF KHOMEINI DEPARTS FROM THE SCENE.

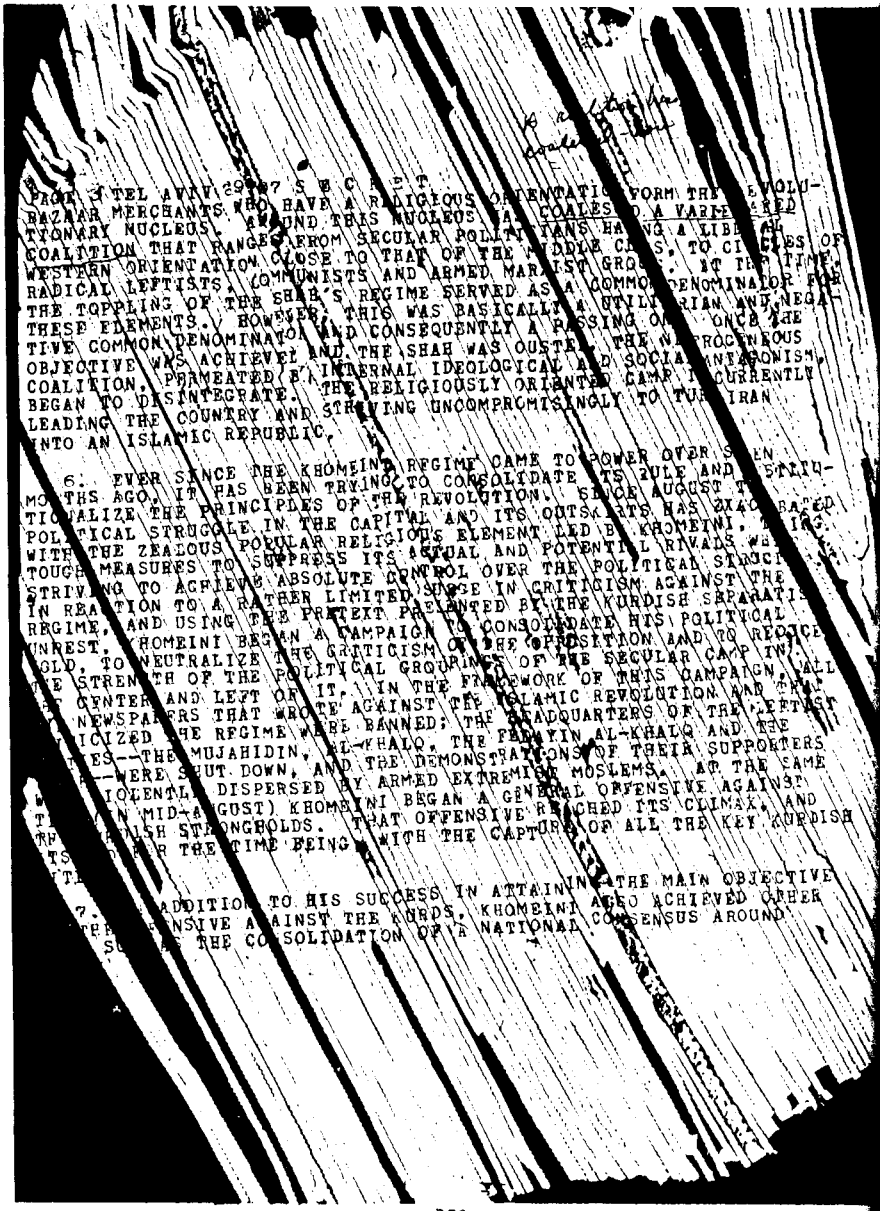
B) DETERIORATION OF THE ECONOMIC SITUATION BECAUSE INTER-
OF DISRUPTIONS IN THE EXPORT OF OIL AND THE CONSEQUENT DROP IN
INCOME ACCRUING FROM SUCH EXPORT.

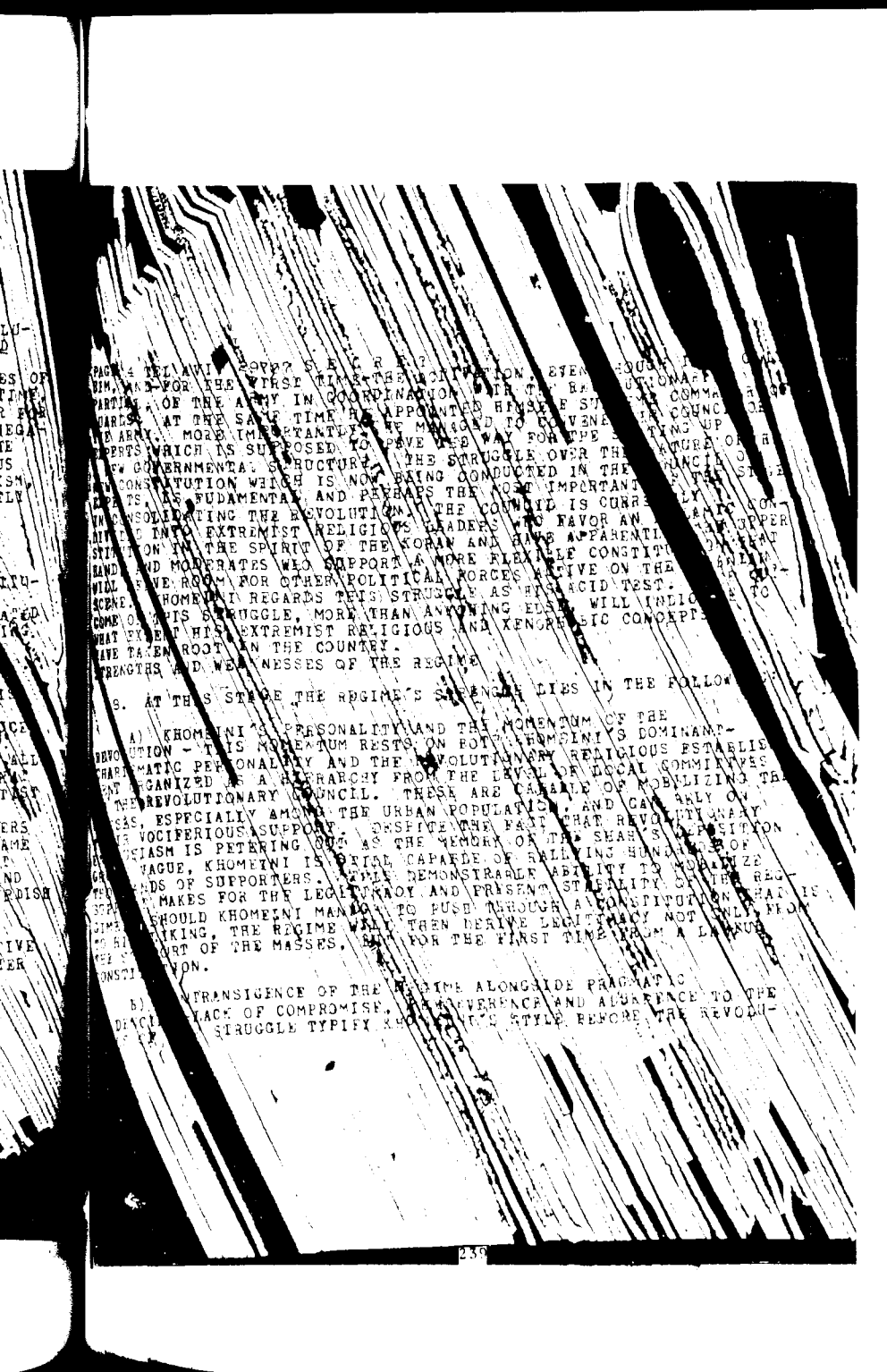
C) RISE OF UNREST ARISING AMONG SEPARATIST ETHNIC MINORITIES,
ESPECIALLY IF IT OCCURS SIMULTANEOUSLY IN THE KURDISH REGION OF
IN THE SEMI-AUTONOMOUS PROVINCE OF KHUZESTAN.

3. THIS PAPER SEEKS TO CHARACTERIZE THE PROCESS OF THE CON-
SOLIDATION OF THE REVOLUTION AND TO ASSESS THE STRENGTH AS WELL
VULNERABILITIES OF THE KHOMEINI REGIME.
CONSOLIDATION OF THE REGIME

4. A REVOLUTION IN EVERY SENSE OF THE WORD TOOK PLACE IN IRAN
AN AT THE BEGINNING OF THE YEAR. NOT ONLY DID THE SHAH'S REGIME
L, THE ENTIRE SOCIAL-POLITICAL STRUCTURE OVERTURNED AND BROUGHT
ITS WAKE SIGNIFICANT CHANGES IN THE CULTURAL VALUES ON WHICH
IAN SOCIETY OPERATED. UNTIL FEBRUARY 1979. THE REVOLUTION HAS
IST OVERTONES RESTING AS IT DOES ON THE SUPPORT OF THE MASSES
E LOWER CLASSES. THESE WERE THE STRATA OF SOCIETY THAT DID
OY, AWE WERE EVEN HURT BY, THE STEPPED-UP MODERNIZATION THAT
H INTRODUCED INTO IRAN. THE SHOE IS NOW ON THE OTHER FOOT
S THE URBAN MIDDLE CLASSES THAT ARE AT THE MERCY OF THESE
SSES AND SOMETIMES EVEN THE MOB.

BANNER OF CHANGE WAS BORNE BY THE HIERARCHY OF
EADERS, FROM THE NEIGHBORHOOD MULLAH TO AYATOLLAH
PERSONIFIES THE REVOLUTION. SHIITE ISLAMIC LAW TAKES
A REVOLUTIONARY IDEOLOGY WITH ALL ITS POLITICAL, SOCIAL
CONTENTS. EXTREMIST RELIGIOUS LEADERS ALONG WITH THE

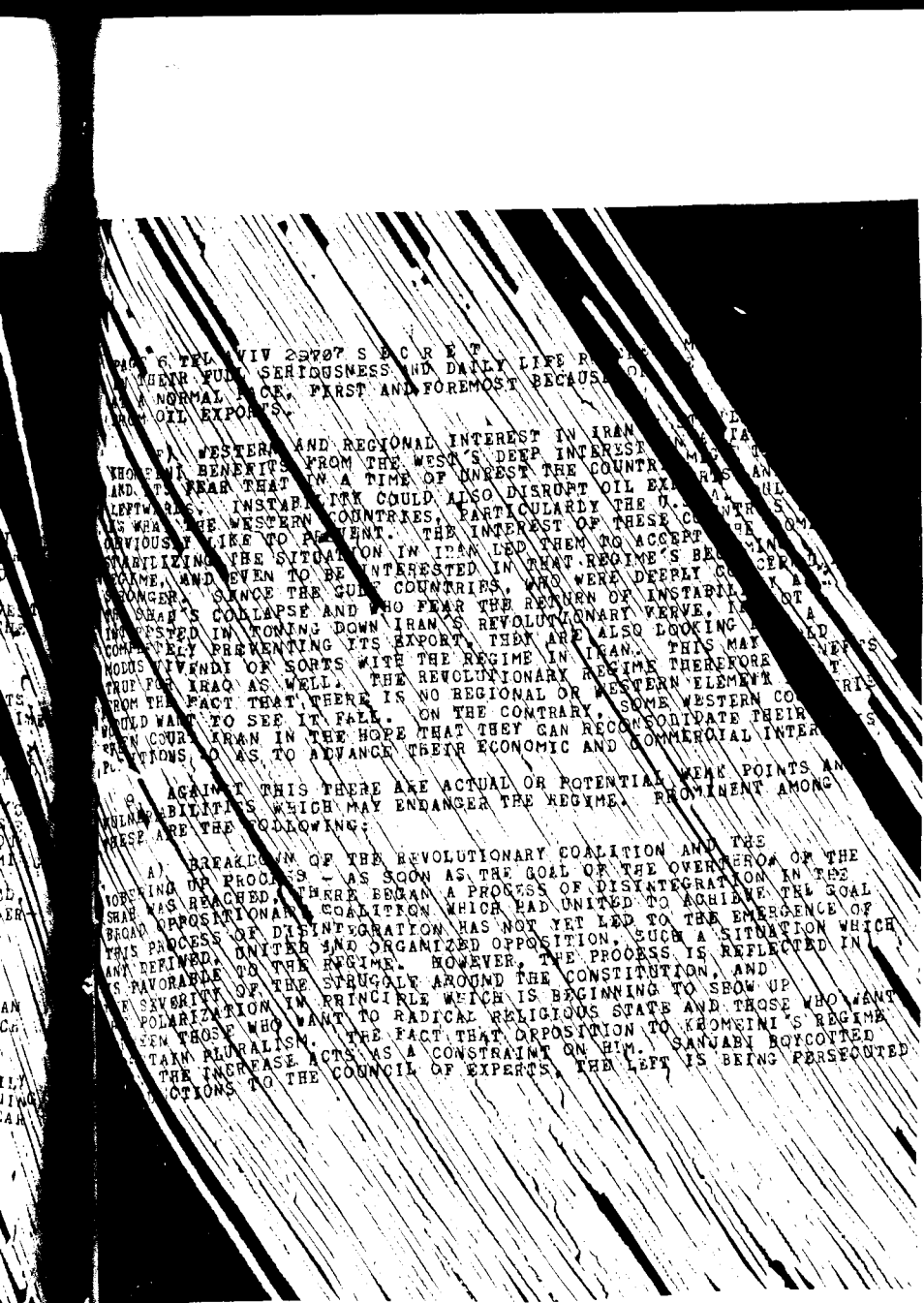


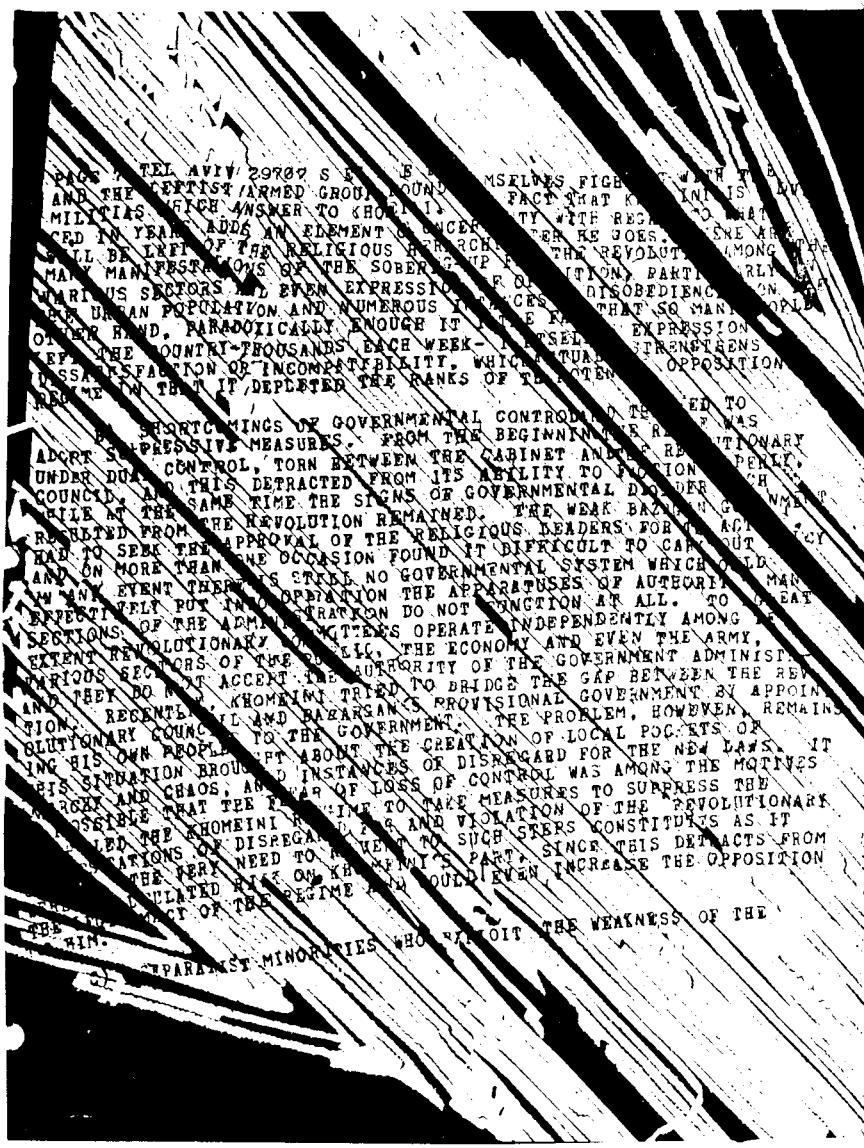


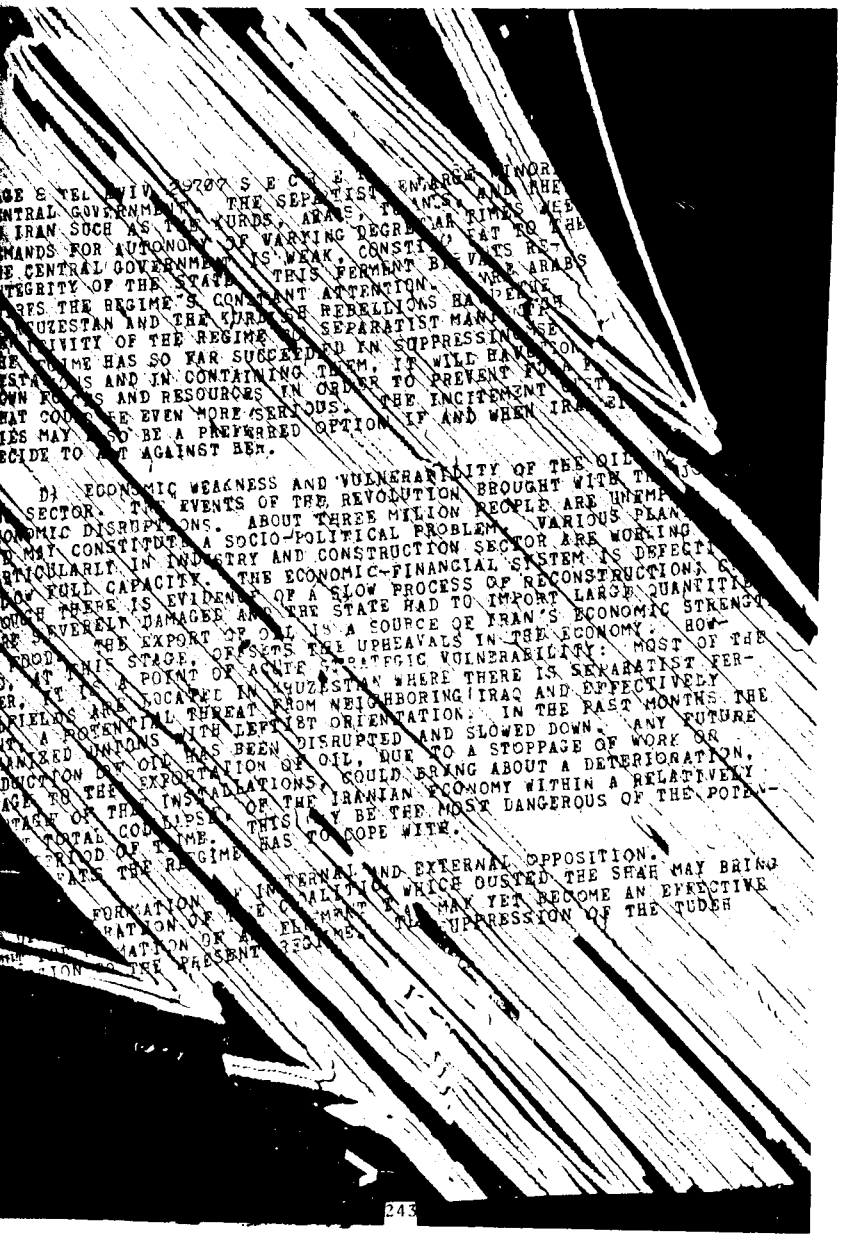
TION AS WELL AS AFTER. ALTHOUGH THE RESPONSIBIL[ITY] WHICH
WITH POWER S[EEMS] OSTENSIBLY HAVE MODERATED HIS [POSI]TIONS,
INDICATED BY DEVELOPMENTS IN AUGUST, THE ADVANTAG[ES] OF WOT
RISING IS THAT HE IS UNFETTERED. HE TOOK SWIFT S[TEPS] TO S
THE SECULAR POLITICAL OPPOSITION AND THE REBELLIOU[S] ADS.
LACK OF COMPROMISE WOULD HAVE BEEN A HANDICAP WERE IT NOT F
STREAKS OF PRAGMATISM DISPLAYED BY HIS CABINET MINI[STERS]
PARTICULARLY BAZARGAN AND YAZDI AND SOMETIMES EVEN K[HOMEINI]
IN HANDLING DOMESTIC BODIES AND MAINLY FOREIGN POLIC[Y] WHICH
MATISM COULD DO MUCH TO IMPROVE IRAN'S REVOLUTIONARY IM[AGE] AND
WIN THE COUNTRY FRIENDS. KHOMEINI ALSO HAS CLOSE AIDS [AMONG]
MEMBERS OF THE REVOLUTIONARY COUNCIL WHO ARE CAPABLE, [HAVING A WEST
ERN EDUCATION AND THUS ADD TO THE GREAT AUTHORITY ENJOY[ED] BY THE
COUNCIL.

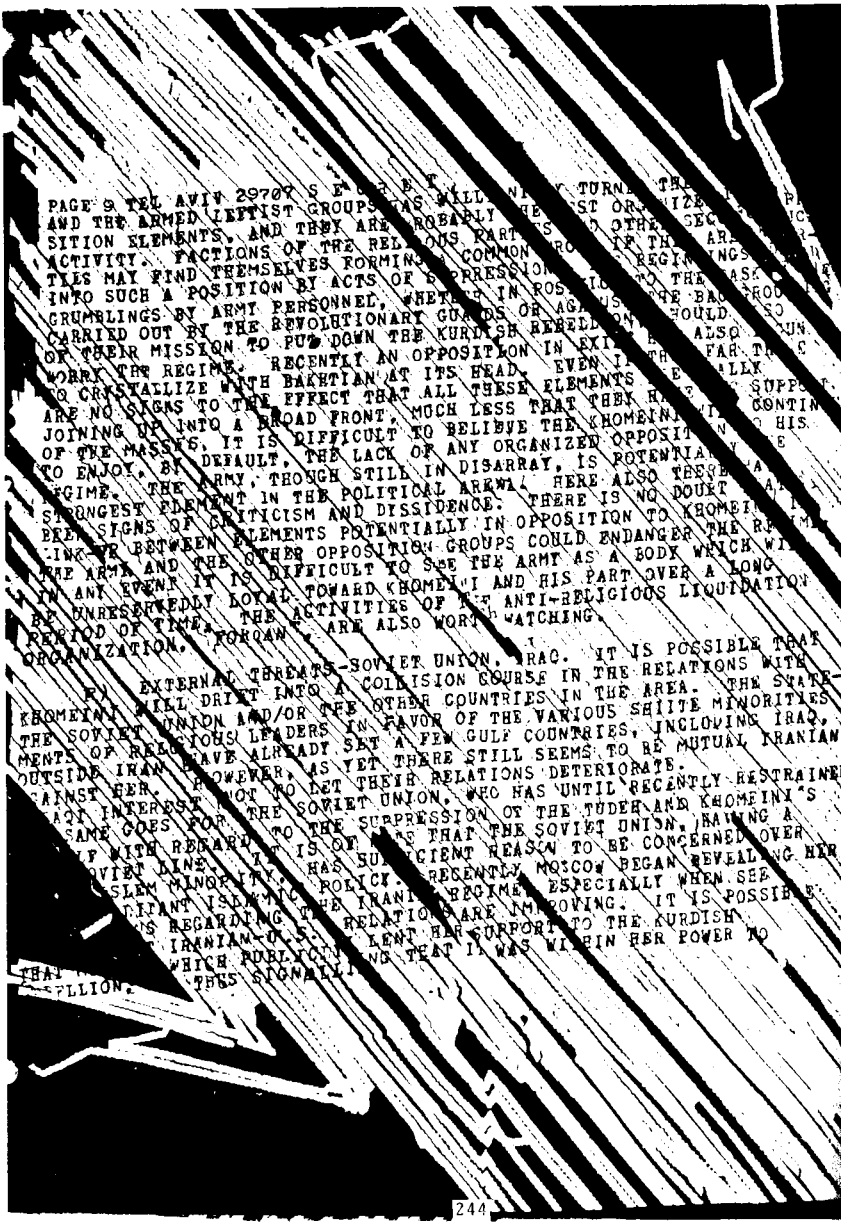
C) LACK OF ORGANIZED OPPOSITION. KHOMEINI'S REGIME,
TO CERTAIN EXTENT, DERIVES BENEFIT FROM THE FACT THAT [IT]S
HE HAS NOT YET GOT AN ORGANIZED OPPOSITION TO CHALLENGE HIS [REGIME]
MOST OF THE PREVIOUS OPPOSITION IS NOW IN POWER AND THE PREVI[OUS]
REGIME DID NOT TURN INTO AN OPPOSITION BECAUSE IT WAS CHASED O[UT]
OF THE COUNTRY. ELEMENTS RECENTLY OPPOSING KHOMEINI, SUCH [AS]
LEFT AND ARMED GROUPS, ARE NOT UNITED AND HAVE TURNED INTO A[N]
OPPOSITION NOT BY THEIR OWN CHOICE BUT AS A RESULT OF KHOMEINI'S
SUPPRESSIVE MEASURES RATHER THAN BECAUSE THEY CHOSE TO CHALLENGE
THE REGIME. FIGURES LIKE SHARIATMADARI AND MATINDAFTARI MAY NOW
AGREE WITH KHOMEINI'S POLICIES BUT THEY ARE NOT CAPABLE OF FORMING
A POPULAR MOVEMENT THAT WOULD BE A REAL COUNTERWEIGHT TO HIS
REGIME. FURTHERMORE, THE FACT THAT THE ARMY, AFTER BEING PURGED,
SUPPORTS THE REGIME AND THE REVOLUTION (ALTHOUGH FAR FROM UNRESER-
VEDLY) HELPS KHOMEINI AS DOES THE FACT THAT THE ARMY IS STILL
RELATIVELY WEAK.

D) OIL REVENUES. THE CONTINUED REVENUES FROM OIL
(MORE THAN $20 BILLION PER YEAR) ARE A BOON TO THE IRANIAN
AND EASILY COMPENSATE FOR THE ECONOMIC DIFFICULTIES WHICH
ED BY THE REVOLUTION. THE KHOMEINI REGIME ENJOYS
THE FEELING OF FINANCIAL UNCONSTRAINTS, AND IT IS IN THE
POWER TO FINANCE ITS VARIOUS EXPENSES WITHOUT NECESSARILY
TO REHABILITATE THE ECONOMY. THE ECONOMIC PROBLEMS LAGGING
ECONOMY, THUS CUSHIONED BY THE OIL REVENUES, DO NOT APPEAR









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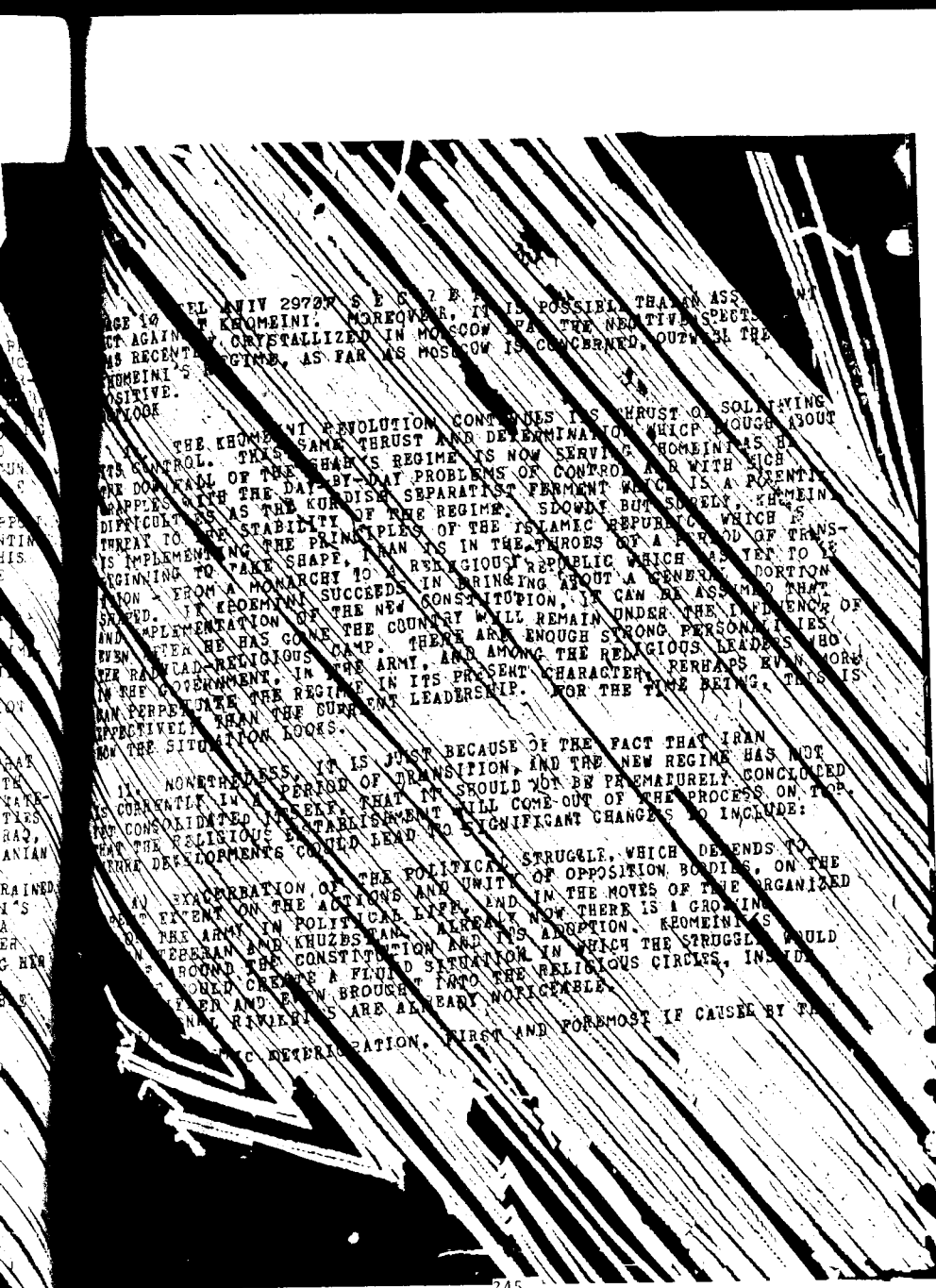
AND THE ARMED LEFTIST GROUPS HAS WILL
SITION ELEMENTS. AND THEY ARE PROBABLY
ACTIVITY. FACTIONS OF THE RELIGIOUS PARTIES
TIES MAY FIND THEMSELVES FORMING
INTO SUCH A POSITION BY ACTS OF
GRUMBLINGS BY ARMY PERSONNEL, WHETHER IN
CARRIED OUT BY THE REVOLUTIONARY GUARDS OR
OF THEIR MISSION TO PUT DOWN THE KURDISH REBELLION
WORRY THE REGIME. RECENTLY AN OPPOSITION IN EXILE
TO CRYSTALLIZE WITH BAKHTIAR AT ITS HEAD. EVEN IF
ARE NO SIGNS TO THE EFFECT THAT ALL THESE ELEMENTS
JOINING UP INTO A BROAD FRONT, MUCH LESS THAT THEY
OF THE MASSES, IT IS DIFFICULT TO BELIEVE THE KHOMEINI
TO ENJOY, BY DEFAULT, THE LACK OF ANY ORGANIZED OPPOSITION
REGIME. THE ARMY, THOUGH STILL IN DISARRAY, IS POTENTIALLY
STRONGEST ELEMENT IN THE POLITICAL ARENA. HERE ALSO THERE
PRESSIONS OF CRITICISM AND DISSIDENCE. THERE IS NO DOUBT
LINK-UP BETWEEN ELEMENTS POTENTIALLY IN OPPOSITION TO KHOMEINI
THE ARMY AND THE OTHER OPPOSITION GROUPS COULD ENDANGER THE REGIME
IN ANY EVENT IT IS DIFFICULT TO SEE THE ARMY AS A BODY WHICH WILL
BE UNRESERVEDLY LOYAL TOWARD KHOMEINI AND HIS PART OVER A LONG
PERIOD OF TIME. THE ACTIVITIES OF THE ANTI-RELIGIOUS LIQUIDATION
ORGANIZATION, FORQAN, ARE ALSO WORTH WATCHING.

F) EXTERNAL THREATS-SOVIET UNION, IRAQ. IT IS POSSIBLE THAT
KHOMEINI WILL DRIFT INTO A COLLISION COURSE IN THE RELATIONS WITH
THE SOVIET UNION AND/OR THE OTHER COUNTRIES IN THE AREA. THE STATE-
MENTS OF RELIGIOUS LEADERS IN FAVOR OF THE VARIOUS SHIITE MINORITIES
OUTSIDE IRAN, HOWEVER, AS YET THERE STILL SEEMS TO BE MUTUAL IRANIAN
AINST HER. NOT TO LET THEIR RELATIONS DETERIORATE.
ACT INTEREST OF THE SOVIET UNION, WHO HAS UNTIL RECENTLY RESTRAINED
SAME GOES FOR TO THE SUPPRESSION OF THE TUDEH AND KHOMEINI'S
F WITH REGARD IT IS OF THAT THE SOVIET UNION, HAVING A
OVIET LINE, IT HAS SUFFICIENT REASON TO BE CONCERNED OVER
SLEM MINORITY POLICY. RECENTLY MOSCOW BEGAN REVEALING HER
IIAN ISLAMIC IRANIAN REGIME, ESPECIALLY WHEN SEE
S REGARDING THE RELATIONS ARE IMPROVING. IT IS POSSIBLE
IRANIAN-U.S. LENT HER SUPPORT TO THE KURDISH
WHICH PUBLICIZING THAT IT WAS WITHIN HER POWER TO
THAT
LLION.
THUS SIGNALLI



DECLINE IN OIL EXPORTS AND CONSEQUENTLY IN STATE REVENUE
DEVELOPMENT COULD SEVERELY UNDERMINE ANY SUPPORT WHICH THE
AT PRESENT ENJOYS FROM THE URBAN SECTOR.

C) SIMULTANEOUS REBELLION OF THE MINORITIES, ESPECIALLY
IF IT OCCURS IN KURDISTAN AND KHUZESTAN UNDER SUCH CIRCUMSTANCES
THERE COULD ALSO BE AN ECONOMIC DETERIORATION AS DESCRIBED ABOVE.

12. AT PRESENT THE STRENGTHS OF THE KHOMEINI REGIME OUTWEIGH
ITS WEAKNESSES, AND THERE IS NO IMMEDIATE DANGER THAT THE REGIME
MIGHT RAPIDLY LOSE THE RELATIVE STABILITY WHICH IT HAS ACHIEVED. HOW-
EVER, THE CONSOLIDATION OF THE REVOLUTION IS FAR FROM BEING COM-
PLETE. THE CONSOLIDATION OF THE REVOLUTION IS FAR FROM BEING COM-
PLETE AND IN MORE THAN ONE WAY IT IS IN A RACE AGAINST TIME. BECOME
THE THREATS TO THE REGIME COULD AFFECT IT IF IT WILL NOT FURTHER
CONSOLIDATE ITS HOLD ON THE GOVERNMENT. SHOULD THESE ABOVE MENTIONED
DEVELOPMENTS COME TO PASS, OR EVEN IF THERE SHOULD BE A DETERIORATION
TOWARDS THEM, CHAOS COULD RETURN, IN THE COURSE OF WHICH THE MAIN
POLITICAL FORCES WILL PROBABLY ENGAGE IN A BATTLE FOR CONTROL.
SUCH A SITUATION, IT CAN BE ASSUMED, WILL ALERT THE BIG POWERS EVEN
IF THEY DO NOT ACTUALLY BECOME INVOLVED. WHILE IT IS IMPOSSIBLE TO
PREDICT HOW SUCH A STRUGGLE, IF AND WHEN IT DEVELOPS, WILL END, THERE
IS NO DOUBT THAT JUST AS IN THE TWILIGHT OF THE SHAH'S REGIME,
THE ARMY WILL BY ACTION OR INACTION PLAY AN IMPORTANT ROLE.

13. MAIN POINTS FOR DISCUSSION

A) DETAILS ON THE DEBATE IN THE COUNCIL OF EXPERTS
ING THE CONSTITUTION; POSITIONS TAKEN, LEADING FIGURES,
OF OPINION.

TENT OF SUPPORT FOR THE REGIME WITHIN THE ARMED
OF DISSATISFACTION WITHIN THE ARMED FORCES.

EXTENT OF THE OPPOSITION GROUPS: THE LEFT,
STRENGTH OF THE USSR, THE SOVIET ROLE, THE MUJAHIDIN EL
WITH THE USSR; THE STRENGTH AND POTENTIAL OF OPPOSITION
MEN EL

KHUZESTAN, SCOPE OF UNREST AMONG LOCAL ARABS.